

# The Economic Impact of Non-profit Organizations in Berkshire County

A Report Commissioned by the  
Berkshire County Chamber of Commerce

September 2009  
Revised December 2010

Stephen Sheppard  
Kay Oehler

# The Economic Impact of Non-profit Organizations in Berkshire County

- I. Introduction
- II. Brief Introduction to the Non-profit Sector
  - What are non-profit organizations?
  - Public charities and other non-profits
  - Primary data sources
  - Assessing the impact of non-profit organizations
- III. The Non-Profit Sector in Berkshire County: A Detailed Examination
  - Putting Berkshire County's non-profit sector in perspective
  - Descriptive evaluation of non-profits in Berkshire County, by sector
  - Total revenues
  - Gifts & grants
  - Expenditures
  - Assets
  - Comparison of Berkshire non-profit sector with other communities
  - Descriptive summary of the non-profit sector in Berkshire County, 1996 to 2006
- IV. The Economic Impacts of Non-Profits on Berkshire County
  - NAICS codes
  - Arts & culture
  - Education
  - Health
  - Human services
  - 'Other' non-profits
  - Summary of the economic impact of the non-profit sector in Berkshire County
  - Calculating economic impact based on economic sector
- V. Conclusions

Appendix A: Working with the National Center for Charitable Statistics (NCCS) Dataset

Appendix B: Table of non-profit organizations by IRS sub-section

Appendix C: Tables of economic and employment impact of non-profits in Berkshire County

Appendix D: Table of economic and employment impact of visitors to Berkshire County  
non-profits

## I. Introduction

Berkshire County, Massachusetts offers a uniquely advantageous location: with a beautiful natural environment that draws visitors around the year, with health care providers of regional importance, and with cultural, artistic and educational institutions that have been recognized as amongst the finest in the United States. The county has an interesting and important history in engineering and light manufacturing, and while these sectors have experienced relative decline they remain important sources of local employment and in some cases important sources of products and innovation for national or global markets.

As county residents have worked to create a post-industrial economy that provides prosperity and opportunity for themselves, it has not always been clear how the various parts of the economy fit together, and whether they were competing with or sustaining one another. This has created uncertainty about whether the county should (or could) seek to rebuild its industrial base in some way, develop new commercial sectors such as business services, or develop a new economic base founded on the “creative” and other sectors previously seen as ancillary. This report contributes to this discussion by addressing two questions that are of importance for planning for the future health of the Berkshire County economy: what is the extent of the impact of the non-profit sector, and what is the relationship between the not-for-profit and the for-profit sectors in Berkshire County?

This report provides data on the first question in order to provide a foundation upon which the not-for-profit and the for-profit sectors can begin to discuss their relationship to one another and the ways in which they can benefit each other in the quest to build and maintain a successful local economy. This report also addresses the second question by providing estimates of the ‘multiplier’ effect of non-profit expenditures on other sectors of the local economy.

After a brief discussion of the defining characteristics of non-profit organizations and the primary data sources used in this report, we examine the non-profit sector in Berkshire County, beginning with a comparative look at the non-profit sector in Massachusetts and the US. This is followed by an analysis of the primary components of the non-profit sector in Berkshire County: the arts and culture sector, education, healthcare, human services, and ‘other’ non-profit organizations. We present figures on revenues, gifts and grants, expenditures, and assets of each non-profit sector for the years 1996, 2001, and 2006.

We then provide an estimate of the economic impact of the non-profit sector on the Berkshire County local economy. We examine the economic impact of arts and culture, education, healthcare, human services, and ‘other’ non-profit organizations. We use a standard inter-industry model that examines the flow of purchases of goods and services among sectors of the economy and includes the impact of these purchases as they circulate throughout the local economy. One important dimension of estimating economic impact is the inclusion of the impact of visitors to non-profit organizations. We discuss and provide an estimate for the county of visitor impacts generated by visits to these non-profits.

## II. Brief Introduction to the Non-profit Sector

### What are non-profit organizations?

The goal of most businesses is to generate a profit for its owners. A non-profit organization has a different overarching goal. It might be to provide a community service, to engage in research or to provide a safety net for individuals in need. Although a non-profit organization does not generate a profit that is distributed to owners of the business, it can and frequently does have revenues that exceed total costs of its activities during the year. This excess revenue, rather than being distributed to an owner or to shareholders, contributes to the assets of the organization, which can grow from year to year. Assets will be used in future years to support the mission of the non-profit.

### Public charities and other non-profits

Non-profit organizations include a very wide variety of groups and organizations ranging from traditional churches and charities to social clubs, veterans groups and sports associations. There are two characteristics that feature prominently in the public perceptions of non-profits: that they pay no taxes and that donations made to them are exempt from individual income taxation. Neither of these ideas is universally true for all non-profits. While all non-profit organizations are exempt from federal taxation of their excess revenues (which would correspond to profits), many are required to pay property taxes on some of the property they own, and many are required to collect sales taxes on products sold and the incidence or burden of these taxes falls partially on the organizations. The tax deductibility of donations or gifts to non-profit organizations is dependent upon the IRS classification of the organization.

The type of non-profit organization that is of central interest for this report is labeled by the IRS as the *Public Charity*. About half of all non-profits nationwide are public charities.<sup>1</sup> The term itself is misleading because most people naturally think of a charity in the sense defined by the Oxford English Dictionary<sup>2</sup>: *A bequest, foundation, institution, etc., for the benefit of others, esp. of the poor or helpless*. While organizations identified by the IRS as *public charities* are indeed organized “for the benefit of others” they are not all oriented towards serving primarily the poor or helpless.

Public charities are often referred to by the section of the IRS code that grants them their tax exempt status: 501(c)(3). Organizations whose non-profit status is authorized under section 501(c)(3) are of two types: *public charities* and *private foundations*. From the perspective of evaluating local economic impact, it is appropriate in most cases to focus exclusively on the ‘public charity’ type of 501(c)(3) organization. While the private foundations may in some cases generate local economic benefits, often they are focused on broader institutional goals and serving a population that is national or even global in nature. When their giving is local in nature, it often consists of grants and gifts to other non-profits in the region. Most of these will already be accounted for in our analysis of 501(c)(3) ‘public charities’ and it would not be accurate to

---

<sup>1</sup><http://nccs.urban.org/resources/faq.cfm>.

<sup>2</sup>[http://dictionary.oed.com/cgi/entry/50036948?single=1&query\\_type=word&queryword=charity&first=1&max\\_to\\_show=10](http://dictionary.oed.com/cgi/entry/50036948?single=1&query_type=word&queryword=charity&first=1&max_to_show=10) accessed June 3, 2009.

count them as generating a county economic impact when they are given to the local non-profit and then again when the non-profit spends the funds. Finally, in the case of Berkshire County, the private foundations are a small part of the total 501(c)(3) non-profit sector, comprising less than 1.4% of total expenditures by the sector. While we provide some descriptive statistics about the size and number of private foundations and how these figures have changed during the past decade, the analysis of economic impacts in this report excludes private foundations.

An important characteristic and advantage of 501(c)(3) status is that contributions to these organizations are tax-deductible to the donor. This gives such organizations a special advantage when raising assets to finance their operations, and is generally seen as being associated with an obligation to pursue a mission or set of activities that are broadly beneficial to the public rather than of benefit only to a small group of designated members, participants or key stakeholders.

While the central focus of this report is on 501(c)(3) public charity non-profits, as noted above there are many other types of tax exempt organizations: social welfare organizations 501(c)(4); labor and agricultural associations 501(c)(5); business leagues 501(c)(6); and fraternal beneficiary societies 501(c)(8). *Table A1* in the appendix lists all of the categories specified by the IRS and means by which an organization can achieve non-profit tax-exempt status. . The categories refer to sections, subsections and paragraphs of the Internal Revenue Code that define each type of organization. The table includes the total number of organizations in each category in Berkshire County, along with the total assets of those organizations that report assets.

While *Table A1* helps to clarify the ways in which the law has provided for an organization to achieve non-profit tax-exempt status, it also highlights why it is that the term “501(c)(3)” has become almost synonymous with “tax-exempt organization.” In Berkshire County, 77% of all tax-exempt organizations are 501(c)(3) organizations, and they are responsible for 83% of all assets held by tax-exempt organizations.

In summary, while there are a wide variety of types of non-profit organizations, the vast majority of the organizations, expenditures, and assets are from the 501(c)(3) public charities. We focus primarily on the economic impacts of these organizations. Where possible and appropriate (such as in *Table A1*) we provide some additional information about the other types of non-profits in the county.

### **Primary data sources**

Just as individual households must report their income every year to the Internal Revenue Service using some version of Form 1040, there is a Form 990 that must be completed annually and filed with the IRS by 501(c)(3) organizations that have been certified by the Internal Revenue Service. This form provides information on the non-profit’s programs and finances. Non-profits with incomes less than \$25,000 are not required to file, nor are most faith-based organizations. These forms provide valuable details about each organization’s assets, expenditures and revenue sources.

Unlike an individual’s tax return, Form 990s are publicly available. In exchange for their tax exempt status, non-profits must accept that their financial reporting is open to public scrutiny.

The IRS creates digital images of the Form 990s and makes them available to selected organizations that collect them specifically to make them publicly available. It is currently possible to view, free of charge at [www.guidestar.org](http://www.guidestar.org), the most recent Form 990s of non-profits that are required to file (although registration at the site is required).

The National Center for Charitable Statistics (NCCS) is located at the Urban Institute, a nonpartisan, non-profit research organization located in Washington, D.C. NCCS has an arrangement with the Internal Revenue Service to maintain and make publicly available data on the non-profit sector in the U.S. The data available through NCCS come primarily from information that tax-exempt non-profit organizations file with the IRS.<sup>3</sup> Data are collected from the forms used to request IRS tax-exempt status and from Form 990s that are filed annually with the IRS to report financial information for tax-exempt non-profit organizations

While summary data on the number and basis for IRS certification of all non-profits at the county level is available from the NCCS web site, obtaining detailed information on the individual organizations and their activities requires obtaining access to the complete NCCS data. The information presented here is derived from these complete data sets, obtained through NCCS for the years 1996, 2001 and 2006.

### **Assessing the impact of non-profit organizations**

Understanding and assessing the combined economic impact of the non-profit sector involves two general approaches: the descriptive and the analytic. In this report we use both approaches. We begin by describing the sector: how many organizations are there, in what broad types of activities are they engaged, how much are their revenues, expenditures, and total assets? For each of these questions we present descriptive comparisons that show how the quantities have changed over the past decade, and we compare how these trends and values compare with the state of Massachusetts and the United States as a whole.

Organizations in the non-profit sector are classified into ten major categories<sup>4</sup> indicating general area of activity and service using the National Taxonomy of Exempt Entities (NTEE).<sup>5</sup> We provide comparison and separate descriptive information for the Arts and Culture, Education, Health and Human Services categories, as well as a combined category for Other non-profits that includes Environment, Animals, International, Foreign Affairs, Public and Society Benefit and Religion categories.

In 2006 there were 1026 certified non-profit organizations based in Berkshire County. There were 789 organizations that were certified under the requirements of section 501(c)(3). Of these 789, many had annual revenues of less than \$25,000 and so were not required by the IRS to file Form 990. There were 327 organizations that filed Form 990, and were 'public charities'

---

<sup>3</sup> A discussion of the IRS data collected by NCCS can be found at <http://nccsdataweb.urban.org/kbfiles/742/NCCS-data-guide-2006c.pdf> , accessed 4/22/2009.

<sup>4</sup> The ten major categories of the NTEE-CC system are further broken down into 26 subcategories. The full list of codes at <http://nccs.urban.org/classification/NTEE.cfm>.

<sup>5</sup> The NTEE-CC is used by both the IRS and the National Center for Charitable Statistics. A good history and description of the NTEE is available at <http://nccs.urban.org/classification/NTEE.cfm>, accessed 1/14/2009.

501(c)(3). *Table 1* lists the ten major NTEE categories, with the number of organizations in each category, the combined expenditures and assets for each category and an example of a non-profit organization in Berkshire County to provide a representative illustration of the category.

*Table 1* reveals that health, education, and human services organizations account for 91% of total expenditures by non-profits. Education, health, and arts and cultural organizations account for 87% of assets of non-profit organizations in Berkshire County. Additionally, the high ratio of assets to expenditures for arts and culture, education, and public and social benefit organizations is very noticeable. These organizations are most likely to have endowments, and to be limited by the percentage of their endowments they can draw upon for expenses each year. Given the high level of expenditures by health organizations, their relatively low assets is also notable.

To provide a more complete analysis of the non-profit sector on the Berkshire economy, this report makes use of a detailed inter-industry model of the local economy. This is the analytic part of our discussion. The model divides the local economy into approximately 500 sectors based on the type of good or service produced, plus purchases from and sales to local households, and imports from and exports to firms and households outside of the region. It is based on data collected by the United States Bureau of Economic Analysis that cover the patterns of goods and services that local producers buy and sell to each other as well as to local consumers or for export.<sup>6</sup>

The detailed information about each local non-profit is important for this process because each organization must be assigned to one of the sectors of the economy. It might seem that this would be easy – simply assign the organization to the “non-profit” sector, but the sectors are based not on the tax status of the organization but on the type of good produced. For example, there can be both for-profit and non-profit publishers, schools, clinics or film producers. To estimate their economic impact we use the detailed information from the Form 990 to determine the type of good or service being produced, and assign the organization to the appropriate industrial sector. This process, as well as the use of appendix tables to estimate the impact on individual industrial sectors of changes in the non-profit sector in Berkshire County will be discussed at length below.

---

<sup>6</sup> In the latter part of this report, when we estimate the economic impact of the non-profit sector on Berkshire County, we include expenditures for Tanglewood and Bard College at Simon’s Rock. Tanglewood is embedded within the larger organization of the Boston Symphony Orchestra, which is not based in Berkshire County. Bard College at Simon’s Rock is similarly embedded in Bard College, which is not based in Berkshire County. These two organizations are an important part of Berkshire County, however, so we include them in the economic impact analysis.

**Table 1**  
**501(c)3 Non-Profits Based in Berkshire County, 2006**

<b>NTEE Sector</b>	<b>NTEE Sector Description</b>	<b>Berkshire County example organization</b>	<b>Reporting Non-Profits in Category</b>	<b>Combined Expenditures in Category</b>	<b>End of Year Combined Assets in Category</b>	<b>Ratio of Assets to Expenditures</b>
1	Arts, Culture, & Humanities	Shakespeare & Co; Colonial Theatre	68	\$ 61,927,872	\$ 506,287,013	8.05
2	Education	MCLA Foundation; Hillcrest Educational Centers	51	\$ 255,193,499	\$ 2,381,310,417	9.33
3	Environment, Animals	Berkshire Humane Society; Hoosic River Watershed Association	23	\$ 7,883,012	\$ 26,037,993	3.30
4	Health	United Cerebral Palsy; Berkshire Health Systems	59	\$ 597,771,438	\$ 695,505,105	1.16
5	Human Services	Berkshire County Regional Employment Board; Berkshire Community Action Council	86	\$ 152,917,802	\$ 235,670,910	1.54
6	International/ Foreign Affairs	Institute for International Cooperation & Development; Hands in Outreach	4	\$ 1,823,294	\$ 1,057,460	0.58
7	Public/Society Benefit	Berkshire Taconic Community Foundation; Berkshire United Way	32	\$ 25,790,873	\$ 259,656,593	10.07
8	Religion	Berkshire Institute for Christian Studies; Christian Connection	4 <sup>7</sup>	\$ 637,196	\$ 440,305	0.69
9	Mutual and Membership Benefit	None	0	\$ 0	\$ 0	--
10	Non-classifiable Organizations	None	0	\$ 0	\$ 0	--
	<b>Total</b>		<b>327</b>	<b>\$ 1,103,944,986</b>	<b>\$ 4,105,965,796</b>	<b>3.72</b>

<sup>7</sup> There are no churches included in this number. Generally speaking, churches are not required to file IRS Form 990.

### III. The Non-Profit Sector in Berkshire County: A Detailed Examination

In this section we present detailed descriptions and comparisons of the Berkshire non-profit sector. We present detailed breakdowns of the change over time in five major subcategories – Arts, Culture, and Humanities<sup>8</sup>; Education; Health; Human Services; and Other – over the periods 1996, 2001, 2006. Making these comparisons over time can be difficult if organizations change their classification. Twenty-five county non-profit organizations changed what they reported as their NTEE major subcategory over this ten year period. For example, MASS MoCA, Berkshire School of Contemporary Art, Barrington Stage Company, and Hancock Shaker Village all reported themselves as educational organizations in 1996 and 2001 but as arts and culture organizations in 2006. This change in reporting can cause problems in that a longitudinal look at county non-profits would show a greater growth in arts and cultural organizations in 2006 than actually occurred. Therefore, for the 25 organizations whose major subcategory changed during the decade, we assign their 2006 subcategory for all three years of 1996, 2001, and 2006.

We begin by comparing Berkshire County with the Commonwealth of Massachusetts and the United States as a whole. We will see instances where the non-profit sector in the county parallels that in the US, and we will see instances where the non-profit sector in Berkshire County is particularly strong. Then we look more closely at non-profits in Berkshire County, comparing the arts and cultural, educational, health, human services, and ‘other’ subsectors in the non-profit sector.

#### **Putting Berkshire County’s non-profit sector in perspective**

Let’s start by putting Berkshire County’s non-profit sector in perspective by comparing it with Massachusetts and the US as a whole. *Table 2* details the number of non-profit organizations in the US, Massachusetts, and Berkshire County in the years 1996, 2001, and 2006.

**Table 2**  
**Total Number of Non-Profits**

	1996	2001	2006
US	200,161	264,821	328,690
Massachusetts	6,964	8,658	10,482
Berkshire County	226	258	327

While *Table 2* is interesting, showing significant growth in the number of non-profits in all three geographical areas over the period, the difference in scale makes comparison difficult. *Table 3* presents the number of non-profits in each region per 10,000 individuals in the region.

Examining the data as presented in *Table 3*, we can see how relatively rich Berkshire County is in non-profit organizations. In each time period the number of non-profits per 10,000 individuals is higher in Berkshire County than in Massachusetts as a whole, and more than double that of the US. In 2006 there were 25 non-profits in Berkshire County per 10,000 population, compared to 16 in Massachusetts and 11 in the US per 10,000 population.

---

<sup>8</sup> For shorthand, we refer to this category as arts and culture.

**Table 3**  
**Non-Profits per 10,000 Persons**

	1996	2001	2006
<b>US</b>	7.43	9.29	11.00
<b>MA</b>	11.27	13.51	16.29
<b>Berkshires</b>	16.54	19.29	25.09

*Table 4* provides a reciprocal restatement of the data in *Table 3*, giving the number of residents per non-profit. In Berkshire County in 2006 there was one non-profit for every 399 individuals. This compares with the Massachusetts figure of one per 614 individuals, and the US figure of one non-profit for every 909 individuals.

**Table 4**  
**Residents per Non-Profit Organization**

	1996	2001	2006
<b>US</b>	1,346	1,077	909
<b>MA</b>	887	740	614
<b>Berkshires</b>	605	518	399

We focus on three economic measures for non-profit organizations: total revenue, or the monies that flow into the organizations; expenses, or the monies that flow out of the organizations; and assets measured at the end of each fiscal year, which provide a sense of the level of investment in the organization and its robustness to economic difficulty. *Table 5* provides a comparison of the mean and median revenue per non-profit organization.

**Table 5**  
**Revenue per Non-Profit Organization**  
**(2006 dollars)**

	1996		2001		2006	
	Mean	Median	Mean	Median	Mean	Median
<b>US revenue</b>	\$4,288,097	\$214,001	\$3,769,807	\$174,737	\$4,046,366	\$144,245
<b>MA revenue</b>	\$6,275,002	\$283,100	\$6,654,045	\$217,333	\$7,115,369	\$162,757
<b>Berkshire revenue</b>	\$3,706,386	\$372,620	\$4,146,581	\$313,002	\$4,224,044	\$228,820

We see in *Table 5* that in 2006 the mean revenue for Massachusetts non-profit organizations is \$7.1 million. Mean revenue for Berkshire County non-profits, at \$4.2 million, is slightly higher than the national average of \$4.0 million. We also see that while mean revenue per non-profit declined in the US between 1996 and 2001, and had not fully recovered by 2006, mean revenue grew over this period in both Berkshire County and the state of Massachusetts. These average values contrast with the pattern of median values, suggesting that the distribution of Berkshire non-profits is somewhat different than either the national or the state non-profit sector. While about half of the non-profits in Massachusetts have revenues above \$163 thousand, half of Berkshire's non-profits have revenues exceeding nearly \$229 thousand. For a county whose per

capita income is significantly lower than the state, this suggests both a great willingness amongst county residents to support the sector as well as the exceptional revenue-raising skills of (and perhaps burden borne by) the county's non-profit organizations. Berkshire County's non-profit sector is less dominated by a small number of very large organizations, and the collection of smaller non-profits appears relatively more robust when compared with the non-profit sector in all of Massachusetts or in the entire US.

The expenditures of non-profit (and other) organizations are of special significance since it is through expenditures that economic impact occurs. Expenditures represent the purchase of inputs (labor, utilities, supplies, etc.) for producing the goods or services that create economic impact. *Table 6* shows that the non-profit sector in the US had total expenditures of \$1.2 trillion in 2006. In Massachusetts the non-profit sector spent \$63.1 billion, and in Berkshire County the non-profit sector had expenditure of \$1.1 billion.

**Table 6**  
**Non-Profit Sector Total Expenditures**  
**(2006 dollars)**

	1996	2001	2006
<b>US Total</b>	\$779,931,166,348	\$925,470,355,731	\$1,200,000,000,000
<b>MA Total</b>	\$37,198,781,871	\$49,423,304,656	\$63,117,408,541
<b>Berkshire Total</b>	\$739,868,346	\$817,204,553	\$1,103,944,986

These figures indicate a real impact on their respective economies. For example, the total expenditures of the non-profit sector in Berkshire County constituted just over 21% of the total purchase of goods and services in the County. The \$1.2 trillion spent by the sector in the entire US constituted about 9.1% of total US GDP, so in this sense we can say that the non-profit sector is more than twice as important in Berkshire County than it is in the entire US.

*Table 7* provides the data on a per organization basis. We see that in Massachusetts the mean expenditure per non-profit organization is \$6.0 million, while it is \$3.7 million for the average US non-profit, and \$3.4 million for the average non-profit in Berkshire County. The pattern of median expenditures reveal a slightly different story, with half of the non-profits nationally having expenditures above \$127 thousand, half of Berkshire's non-profits have expenditures above \$215 thousand. This suggests that Berkshire County's non-profit sector is less dominated by a few large non-profits than is the case nationally. By contrast, the entire state of Massachusetts appears to be more dominated by very large non-profits, with mean expenditures that are nearly twice that observed in Berkshire County, but with half of the non-profits in the state having expenditures below \$146 thousand so that the smallest half of the state's non-profit sector must make do with smaller expenditures (and presumably be less active) than the smaller Berkshire County non-profits.

**Table 7**  
**Expenditures per Non-Profit Organization**  
**(2006 dollars)**

	1996		2001		2006	
	Mean	Median	Mean	Median	Mean	Median
<b>US expenditures</b>	\$3,896,519	\$184,654	\$3,494,702	\$155,396	\$3,650,856	\$127,137
<b>MA expenditures</b>	\$5,341,583	\$243,885	\$5,708,397	\$191,507	\$6,021,504	\$146,005
<b>Berkshire expenditures</b>	\$3,273,754	\$323,348	\$3,167,460	\$272,430	\$3,375,979	\$215,025

As discussed above, non-profit organizations do not make and distribute profits to shareholders, but they can build assets from year to year. Assets can provide a real strength to a non-profit by providing funds that can be drawn upon for major projects or can be used as a cushion during rough economic times. To the extent that assets are used to provide annual operating funds, market fluctuations can lead to budget uncertainties and cutbacks. *Table 8* shows that non-profit organizations in the US hold a total of \$2.35 trillion in assets; Massachusetts non-profit organizations have \$173 billion in assets; and Berkshire County non-profits have \$4.1 billion in assets.

The figures presented in *Table 8* are impressive, but they do not inform us as to how the non-profit sector in Berkshire County is doing compared to the state or nation as a whole. *Table 9* presents the figures for assets per non-profit organization.

**Table 8**  
**Total Assets of Non-Profit Organizations**  
**(2006 dollars)**

	1996	2001	2006
<b>US Total</b>	\$1,490,478,011,472	\$1,787,193,675,889	\$2,350,000,000,000
<b>MA Total</b>	\$84,021,118,831	\$125,003,784,787	\$172,751,439,332
<b>Berkshire Total</b>	\$1,714,726,975	\$3,114,827,547	\$4,105,965,796

We see in *Table 9* below that the average non-profit in Berkshire County and Massachusetts has significantly more assets than the average US non-profit. The average level of assets for a US non-profit is \$7.1 million, while for the average Berkshire County non-profit it is \$12.6 million, and for the average Massachusetts non-profit it is \$16.5 million. We will see below that the level of assets varies greatly depending on the type of non-profit. Berkshire County non-profits have over double the median assets of non-profits nationally, and nearly 60% more than for non-profits in all of Massachusetts, indicating again that Berkshire County non-profits are less dominated by large non-profits, and that the smaller non-profits in the county have a stronger balance sheet than the smaller half of the sector nationally or state-wide.

**Table 9**  
**Total Assets per Non-Profit Organization**  
**(2006 dollars)**

	1996		2001		2006	
	Mean	Median	Mean	Median	Mean	Median
<b>US assets</b>	\$7,446,396	\$206,883	\$6,748,686	\$193,859	\$7,149,594	\$149,532
<b>MA assets</b>	\$12,065,066	\$302,986	\$14,437,952	\$262,967	\$16,480,771	\$208,187
<b>Berkshire assets</b>	\$7,587,287	\$424,716	\$12,072,975	\$458,922	\$12,556,470	\$332,663

**Descriptive evaluation of non-profits in Berkshire County, by sector**

As noted above, we present descriptive data for five categories based on NTEE categories – Arts, Culture and Humanities; Education; Health; Human Services; and Other. In this section we take a closer look at the non-profits in Berkshire County that are required to report on the IRS 990 Form.

**Table 10**  
**Number of Berkshire County Non-Profits**

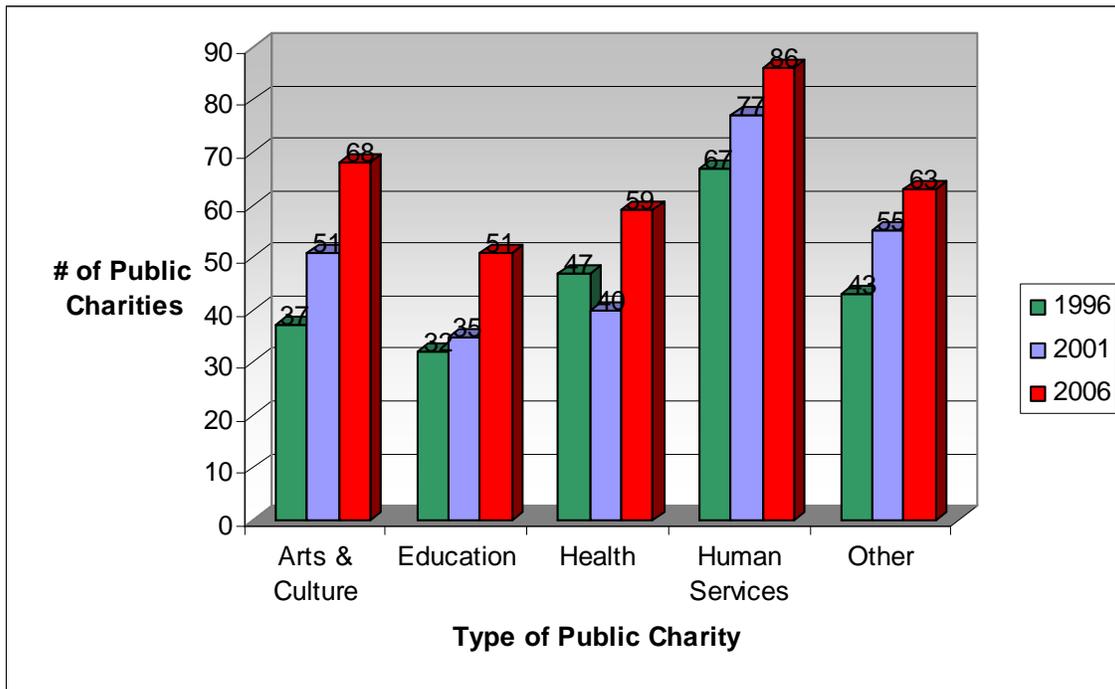
	1996	2001	2006
<b>Arts and Culture</b>	37	51	68
<b>Education</b>	32	35	51
<b>Health</b>	47	40	59
<b>Human Services</b>	67	77	86
<b>Other</b>	43	55	63
<b>Total</b>	<b>226</b>	<b>258</b>	<b>327</b>

We examine data for 1996, 2001, and 2006 to look for trends over the decade.<sup>9</sup> We report all figures in 2006 dollars. This takes inflation into account and allows us to examine real economic growth over the period. The variables we examine include the number of non-profits; total revenues; gifts and grants; expenditures; and assets.

The data presented in *Table 10* on the growth of non-profits in Berkshire County during the years 1996 to 2006 are shown visually in *Chart 1*.

<sup>9</sup> As mentioned above, for the 25 organizations that changed the category in which they reported themselves over this period, we assigned their 2006 category to all three reporting periods.

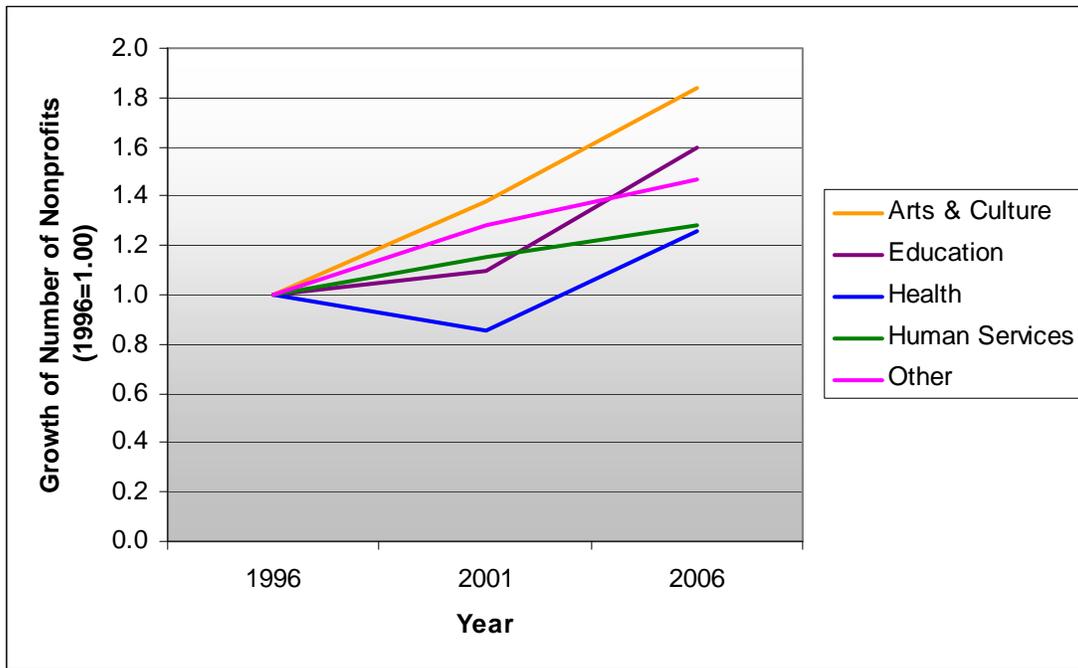
**Chart 1**  
**Number of Berkshire County Public Charities**



*Chart 1* shows both the number of non-profits in each of the five major organization types, as well as the growth of non-profits within each type over the years 1996 to 2006. We see that the education sector has the smallest number of non-profits reporting throughout the decade, and the human services sector has the largest number of non-profits in all three time periods. In 2001, all areas except health show an increase in the number of organizations compared to 1996. From 2001 to 2006 all areas show growth in the number of non-profits in the county.

In 2006, there were 1.8 times as many arts and cultural non-profits in Berkshire County as in 1996; there were 1.6 times as many education non-profits; 1.3 times as many health organizations; 1.3 times as many human services non-profits; and 1.5 times as many ‘other’ non-profits as in 1996. *Chart 2* maps the growth rate of non-profits in each of the five major categories. It is clear that the greatest growth in the number of non-profit organizations in Berkshire County occurred in the arts and culture sector.

**Chart 2**  
**Growth Rate of Number of Berkshire County Non-Profits, 1996 to 2006**



**Total revenues**

While *Chart 1* made it clear that the number of non-profits in Berkshire County grew during the period 1996 to 2006, a more interesting question is the extent to which the financial situation of non-profits changed during this period. *Table 11* provides data on the total revenues of non-profit organizations in Berkshire County from 1996 to 2006.<sup>10</sup>

**Table 11**  
**Total Revenues of Non-Profits in Berkshire County, by Organization Type**  
**(2006 dollars)**

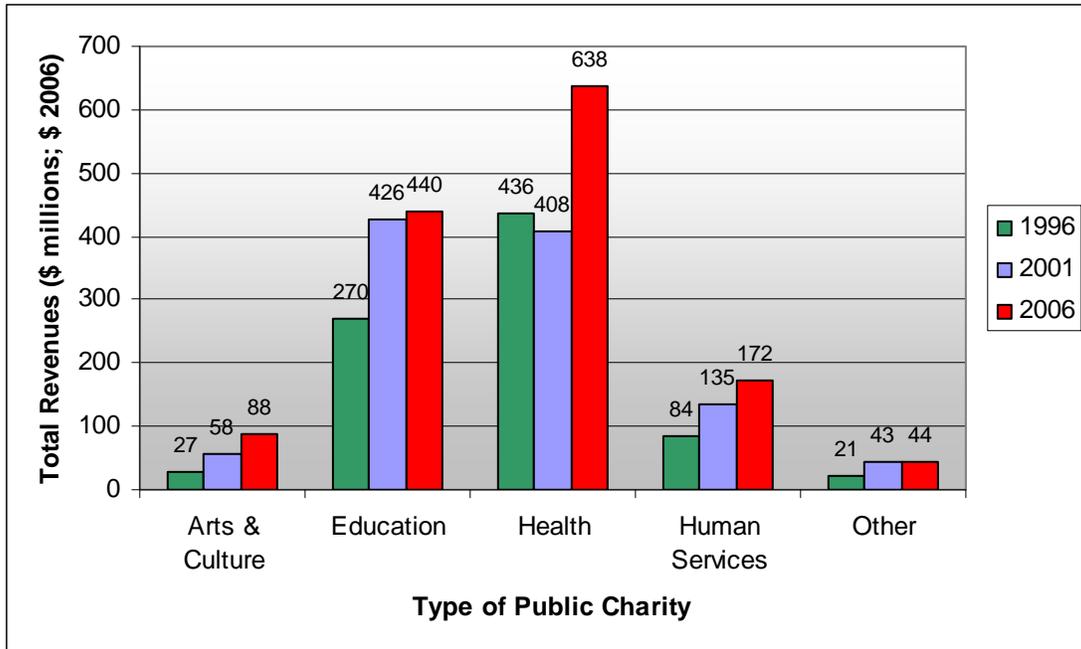
	<b>1996</b>	<b>2001</b>	<b>2006</b>
<b>Arts &amp; Culture</b>	27,359,087	57,639,638	87,808,098
<b>Education</b>	269,846,109	425,886,888	439,762,041
<b>Health</b>	435,805,446	408,149,851	638,482,737
<b>Human Services</b>	83,984,342	134,663,584	171,578,541
<b>Other</b>	20,648,353	43,477,819	43,631,062
<b>Total</b>	837,643,337	1,069,817,780	1,381,262,479

*Chart 3* maps the data in *Table 11* in a more visual form. In *Chart 3* we can see that, after the “Other” sector, the Arts and Culture sector is the smallest non-profit sector in Berkshire County

<sup>10</sup> The total revenue figure is equivalent to line 12 on IRS Form 990. Rather than drawn directly from line 12, it is calculated from earlier lines in the revenue section.

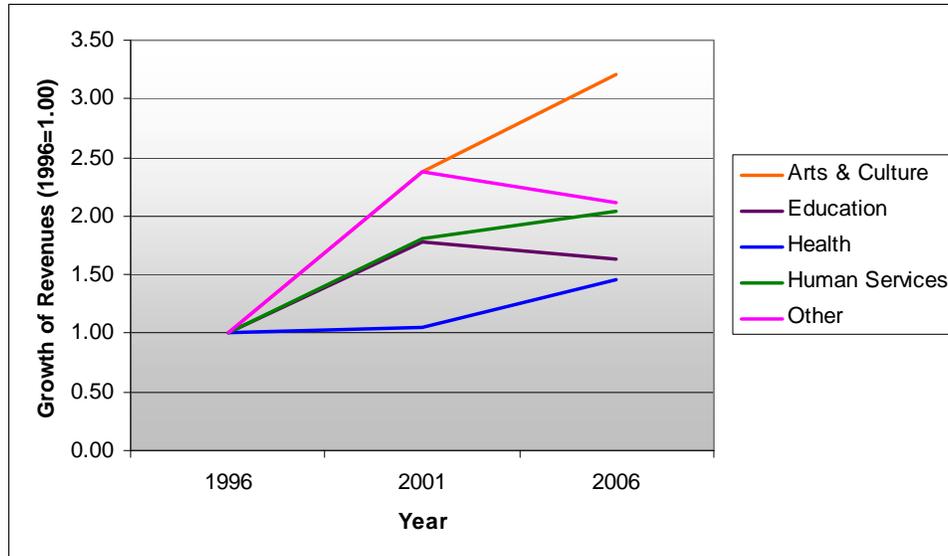
in terms of total revenues, and the health sector is the largest in 1996 and 2006. We can also see that while *Chart 1* showed that the human services sector had the largest number of organizations, the health sector has the greatest total revenues, except in 2001 when the education sector had greatest total revenues.

**Chart 3**  
**Total Revenues of Non-Profits in Berkshire County, by Organization Type**  
**(2006 dollars)**



*Chart 4* shows the growth rate of total revenues among the sectors during the period 1996 to 2006, with 1996 values set to 1.00. It is informative to compare the information provided in *Chart 4* with what we learned from *Chart 3*. While arts and culture is the smallest non-profit sector in terms of total revenues (after ‘Other’), it is the fastest growing. *Chart 4* shows that the real value of total revenues in the arts and culture sector more than tripled in the period 1996 to 2006. On the other hand, the health sector is the largest non-profit sector in the county, but has the lowest growth rate. Real value of total revenues in the health sector did not add half again to its value during the period 1996 to 2006.

**Chart 4**  
**Growth Rate of Total Revenues of Berkshire County Non-Profits**  
**(2006 dollars)**



**Gifts and grants**

Part of an organization’s revenue consists of public contributions, public gifts, and government grants to the organization. Other sources of revenue include program revenue, membership dues, dividends, interest, rent, and the sale of inventory.

In this section we examine gifts and grants to non-profit organizations. Since gifts and grants play an important role in the financial well-being of a non-profit, the relative strength of this part of revenue is of particular interest to the study of the non-profit sector.

*Table 12* provides the data for public contributions, gifts and government grants to the five major subsectors over the period 1996 to 2006.

*Chart 5* provides a visual representation of the gift and grant data. What we see in *Chart 5* is the tremendous growth in gifts and grant giving to the education sector, particularly in the period 2001 to 2006. We also see that, in real terms, gifts and grants to the health sector declined in 2001 and experienced no growth in 2006.

**Table 12**  
**Gifts and Grants to Non-Profits in Berkshire County, by Organization Type**  
**(2006 dollars)**

	1996	2001	2006
<b>Arts &amp; Culture</b>	8,352,388	17,683,357	38,185,907
<b>Education</b>	35,013,405	60,901,591	111,229,836
<b>Health</b>	13,922,785	10,773,428	11,473,500
<b>Human Services</b>	21,972,712	33,074,106	33,872,845
<b>Other</b>	11,204,703	25,028,799	21,699,906
<b>Total</b>	90,465,993	147,461,281	216,461,994

*Chart 5* shows that the education sector receives by far the largest amount of gift and grant dollars as input to their revenues. Indeed, in 2006 the amount of gifts and grants to the education sector (\$111.2 million) exceeds gifts and grants to all other sectors combined (\$105.2 million).

**Chart 5**  
**Gifts and Grants to Non-Profits in Berkshire County, by Organization Type**  
**(2006 dollars)**

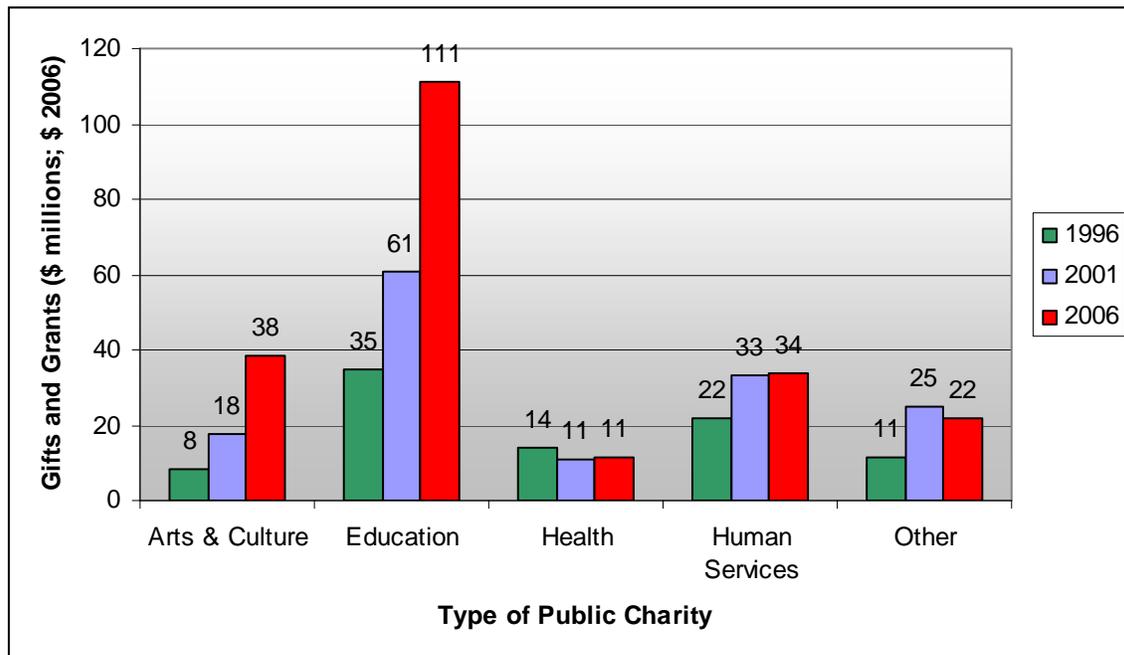
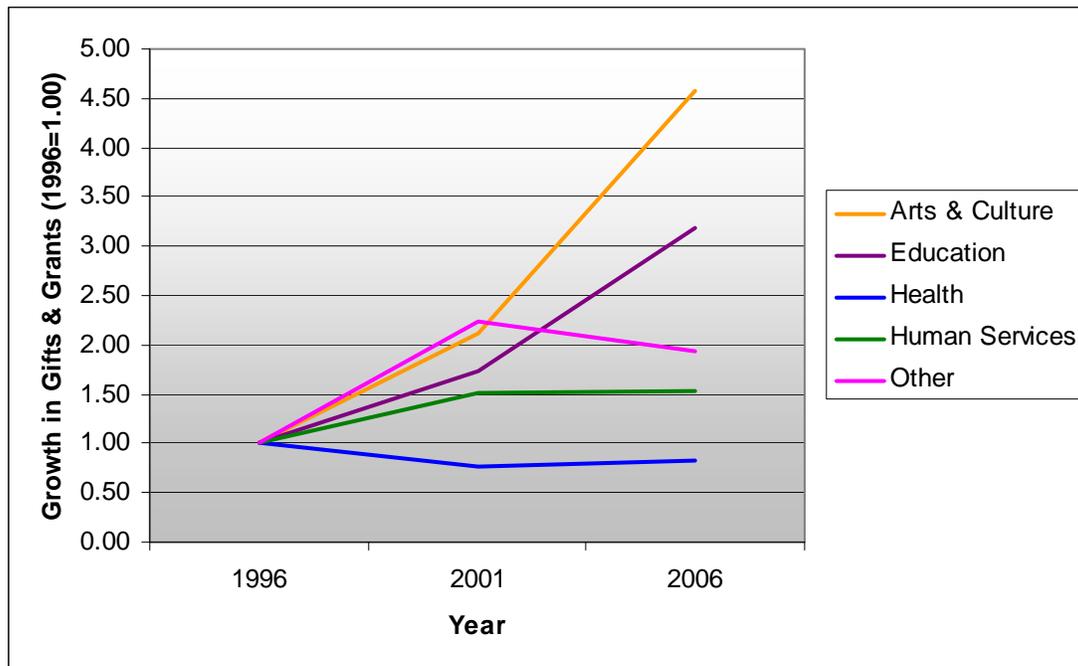


Chart 6 shows the growth of public gifts and government grants over the period 1996 to 2006.

**Chart 6**  
**Growth Rate of Gifts and Grants to Non-Profits in Berkshire County**  
**(2006 dollars)**

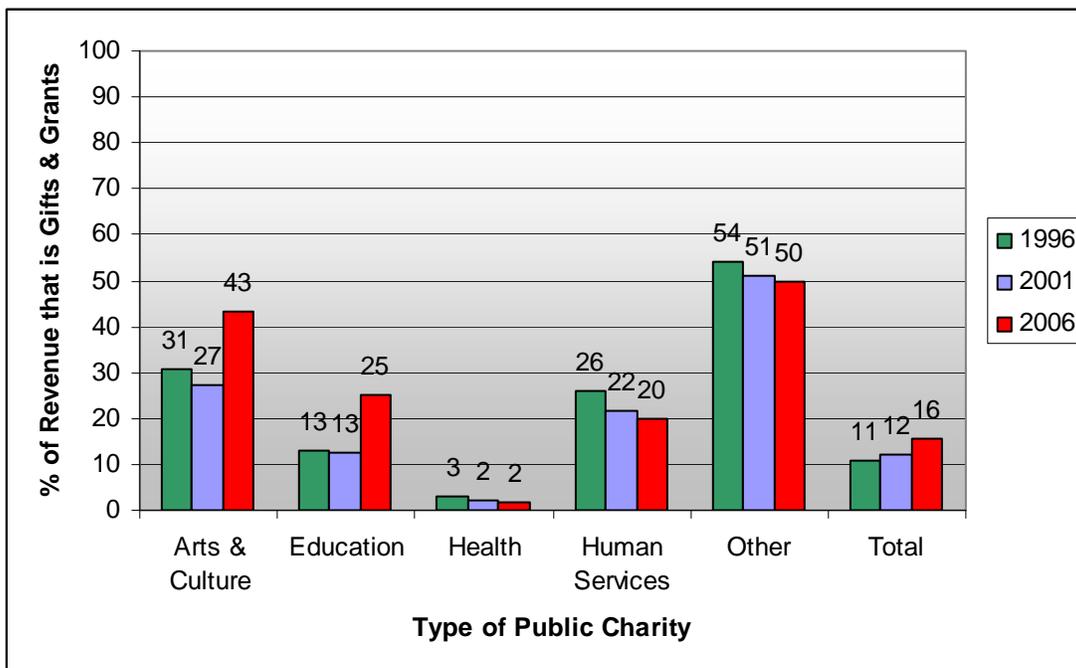


We see in *Chart 6* that gifts and grants grew most rapidly in the arts and culture sector (with the 2006 amount approximately 4.5 times the 1996 amount), followed by the education sector (where the 2006 amount is more than 3 times the 1996 amount). Gifts and grants to the human services sector grew somewhat between 1996 and 2001, but then leveled out. Gifts and grants in the ‘other’ sector grew in the first time period and then dropped off somewhat in the second. Gifts and grants in the health sector declined between 1996 and 2001, and grew only slightly between 2001 and 2006.

One question we might ask is the percentage of revenue that is made up of gifts and grants, and whether that percentage is stable over time. *Chart 7* addresses this question. What we see in *Chart 7* is that non-profits in the ‘other’ category rely most heavily on public gifts and government grants as a share of their revenues. Approximately 50% of the revenue of ‘other’ non-profits comes from gifts and grants.

We also see in *Chart 7* that non-profits in the Health sector rely least on gifts and grants as part of their revenue. Two to three percent of total revenues of health non-profits come from gifts and grants.

**Chart 7**  
**Percentage of Revenue made up of Gifts and Grants, by Organization Type**  
**(2006 dollars)**



The period 2001 to 2006 showed a particularly high increase in the Arts and Culture sector and the Education sector in the percentage of total revenue that was derived from gifts and grants.

**Expenditures**

The relationship between total revenues and gifts and grants raises the question of what happened to expenditures during the period 1996 to 2006, as well as assets. We look at these two financial variables next.

**Table 13**  
**Expenditures of Berkshire County Non-Profits, by Organization Type**  
**(2006 dollars)**

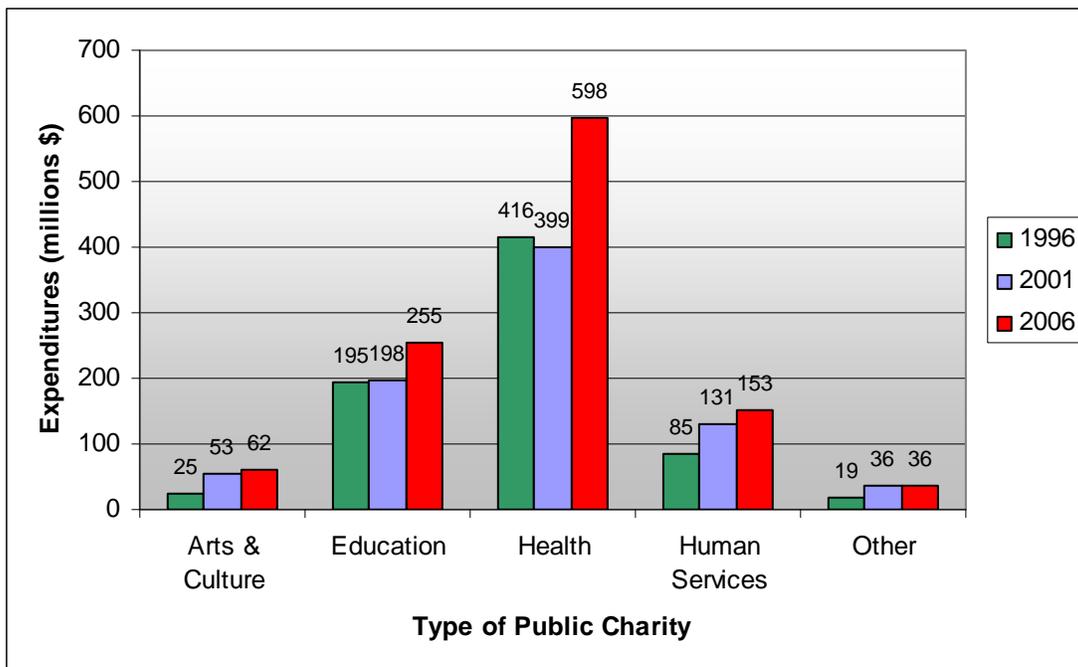
	1996	2001	2006
<b>Arts &amp; Culture</b>	25,392,074	53,277,125	61,927,872
<b>Education</b>	194,829,047	198,382,747	255,193,499
<b>Health</b>	416,184,858	398,509,459	597,771,438
<b>Human Services</b>	84,855,166	130,612,740	152,917,802
<b>Other</b>	18,607,201	36,422,482	36,134,375
<b>Total</b>	739,868,346	817,204,553	1,103,944,986

When total revenues increase, an organization can increase its annual expenditures in a like amount, or it can keep expenditures steady and build assets. *Table 13* provides information on the annual expenditures of non-profits during the years 1996 to 2006.

Annual expenditures made by an organization, or a sector, is extremely important for the local economy. Expenditures are monies that flow from the organization into the local economy, where a certain proportion of the money circulates, causing additional economic impact, until they eventually ‘leak’ out of the local economy into the larger regional, national, and international economies. In the next section of this report we will return to expenditures of non-profits in Berkshire County and their economic impact. For now, we can see from *Table 13* that non-profits in Berkshire County had expenditures of over \$1.1 billion, and more than half of these expenditures (\$598 million) came from the health sector.

*Chart 8* provides a visual representation of the data provided in *Table 13*.

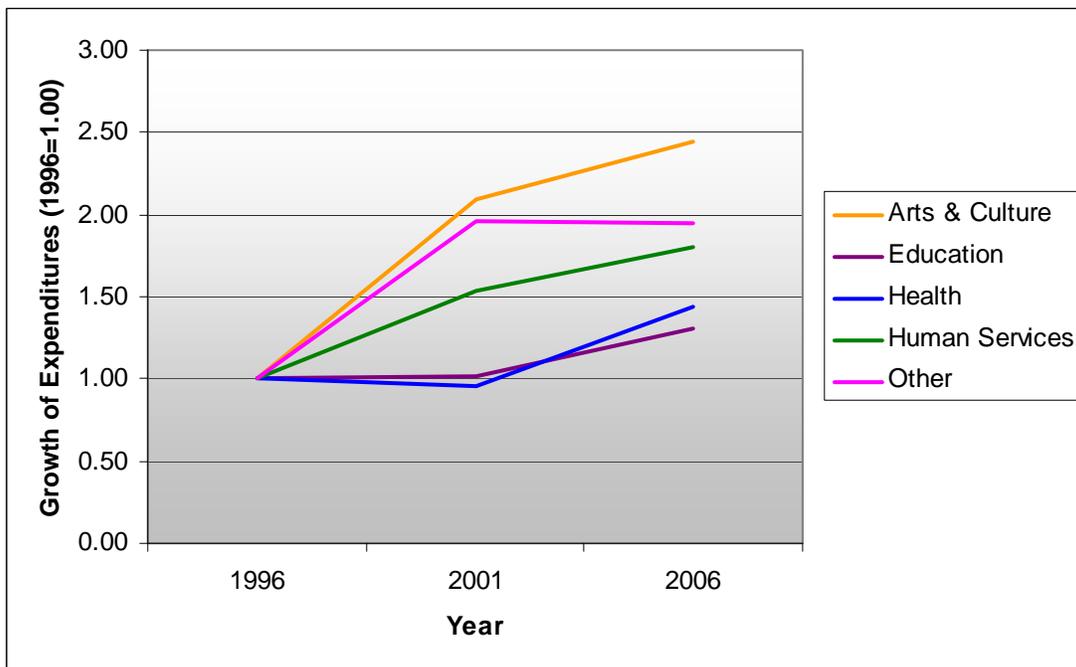
**Chart 8**  
**Expenditures of Non-Profits in Berkshire County, By Organization Type**  
**(2006 dollars)**



*Chart 8* makes it easy to see that the sector of non-profits with the largest annual expenditures is clearly the health sector. Its 2006 expenditures of \$598 million are more than double those of the next sector, education, with \$255 million in expenditures. Next is human services (\$153 million), followed by arts and culture (\$62 million), and ‘other’ (\$36 million).

While *Chart 8* shows the absolute amount of annual expenditures (in 2006 dollars) made by each sector, *Chart 9* shows the relative rate at which expenditures grew in each sector over the years 1996 to 2006.

**Chart 9**  
**Growth Rate of Expenditures of Non-Profits, by Organization Type**  
**(2006 dollars)**



We see in *Chart 9* that while the expenditures of the arts and culture sector (\$62 million) were small compared to all other sectors except ‘other’, the rate of growth of expenditures was highest in the arts and culture sector, increasing almost 2.5 times during the period 1996 to 2006. We also see that during the period 1996 to 2001 there was virtually no growth in expenditures in the health and education sectors.

### Assets

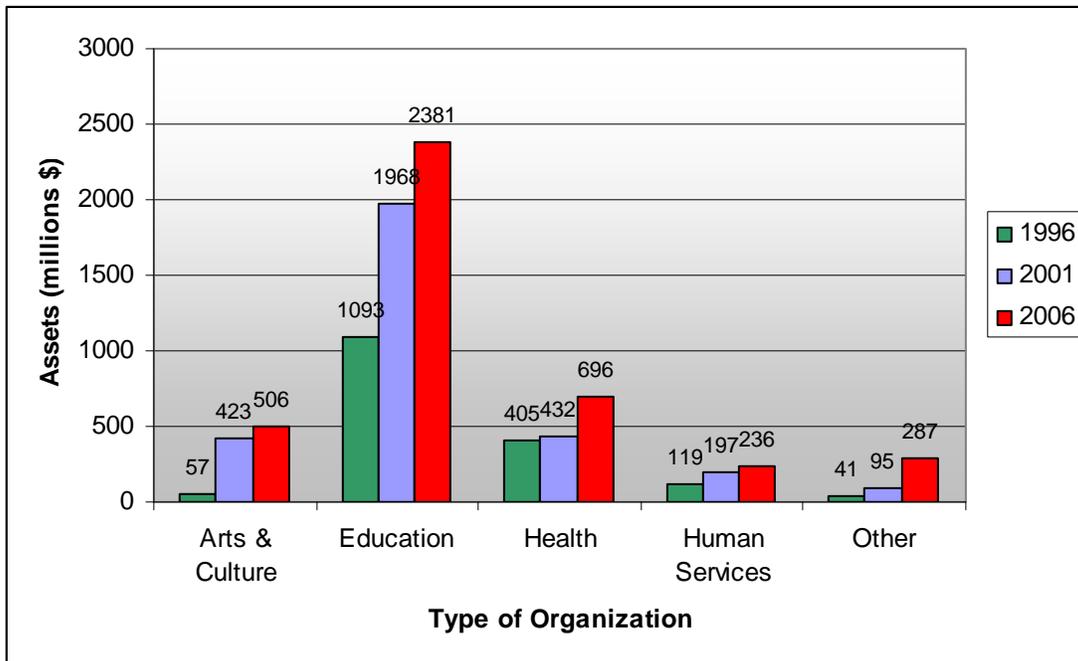
Having looked at revenues and expenditures of non-profits in Berkshire County, we will now look at the amount of assets held by these sectors. *Table 14* provides the assets of non-profits in Berkshire County over the period 1996 to 2006.<sup>11</sup>

<sup>11</sup> All figures in this section are end of year assets.

**Table 14**  
**Assets of Non-Profits in Berkshire County, by Organization Type**  
**(2006 dollars)**

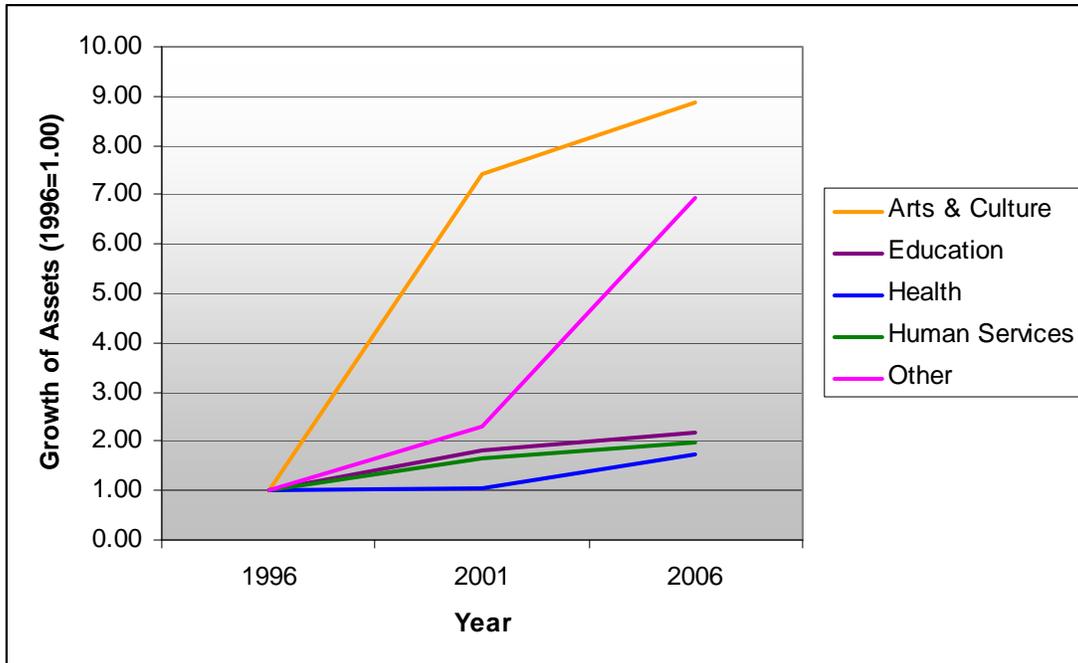
	1996	2001	2006
<b>Arts &amp; Culture</b>	57,070,126	422,623,050	506,287,013
<b>Education</b>	1,092,715,210	1,968,463,748	2,381,310,417
<b>Health</b>	404,902,799	431,588,906	695,505,105
<b>Human Services</b>	118,576,451	196,908,305	235,670,910
<b>Other</b>	41,462,390	95,243,539	287,192,351
<b>Total</b>	1,714,726,975	3,114,827,547	4,105,965,796

**Chart 10**  
**Assets of Non-Profits in Berkshire County, by Organization Type**  
**(2006 dollars)**



We can also see in *Chart 10*, and it is confirmed in *Chart 11*, that the assets of arts and culture organizations grew dramatically during the decade 1996 to 2006. Indeed, the assets of arts and culture organizations at the end of this ten year period were almost 9 times their level at the beginning of the period.

**Chart 11**  
**Growth Rate of Assets of Non-Profits, by Organization Type**  
**(2006 dollars)**



**Private Foundations**

As we discussed earlier, 501(c)(3) non-profit organizations consist of two groups – public charities and private foundations. *Table 15* presents data on private foundations in Berkshire County. We see that expenditures of private foundations in 2006 were \$15.5 million. This compares with \$1.1 billion of expenditures by public charities in 2006 (*Table 13* above). Private foundations play an important role in the community in that they often provide grants to public charities to support their non-profit missions.

**Table 15**  
**Private Foundations in Berkshire County**

	1996	2001	2006
Number	36	53	66
Revenues	\$7,234,185	\$10,960,146	\$29,702,661
Expenditures	\$7,400,813	\$12,027,524	\$15,460,546
Assets	\$36,072,646	\$106,375,014	\$169,294,223

## **Comparison of Berkshire non-profit sector with other areas**

We have seen that the non-profit sector in Berkshire County is large relative to the local population, and growing. Comparisons between the Arts, Education, Health Care, Human Services and Other subsectors of the non-profit sector reveal additional differences that characterize this important part of the local economy. We have seen that the local non-profit sector has per-capita numbers of organizations, median revenues, median expenditures and median assets that are large relative to similar figures for both the entire US and for the state of Massachusetts. It is not clear whether Berkshire County's non-profit sector is completely unique, is unusual in a national context but typical for the region, or perhaps typical of all regions that share some of the characteristics of Berkshire County (such as being centered around a relatively modest-sized city, having a strong local tourist industry that attracts visitors from around the country, or is popular as a location for second homes or for households whose primary earners have retired).

In order to provide a more complete context for comparison and evaluation, we examine and compare the Berkshire County non profit sector with the non-profits in ten other cities that have been used in previous studies as a basis for comparison with the County<sup>12</sup>. We use ten communities that were selected as comparable regions nationwide or as regional neighbors, and present data for the county that contains each community. The comparison regions are listed in Table 16.

**Table 16**  
**Comparison Regions for Evaluation**

<b>Regional Neighbors</b>	<b>Comparable Regions Nationwide</b>
Providence, Rhode Island	Boone, North Carolina
Portland, Maine	Taos, New Mexico
Barnstable, Massachusetts	Vail-Edwards, Colorado
Burlington, Vermont	Santa Fe, New Mexico
Lewiston-Auburn, Maine	St. George, Utah

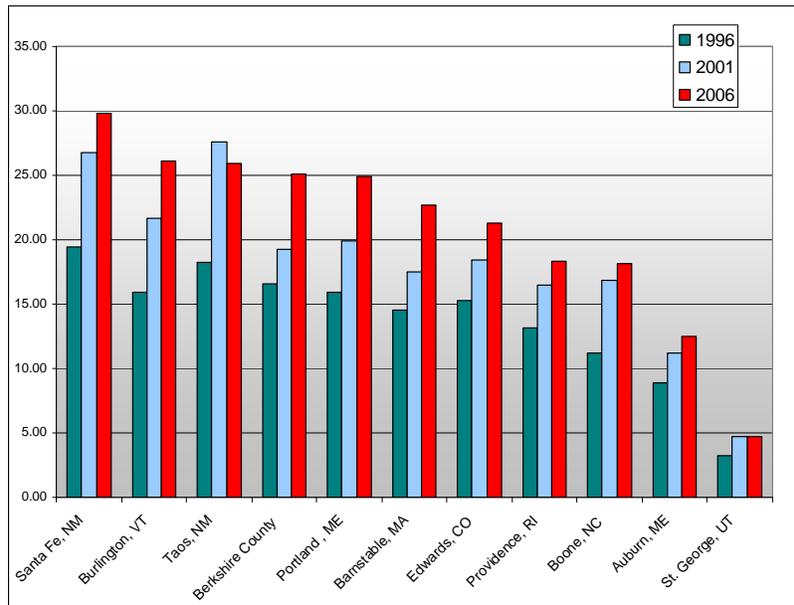
These regions include some with important, nationally or regionally-recognized Colleges or Universities (Providence with Brown University, Lewiston-Auburn with Bates College, Burlington with the University of Vermont or Boone with Appalachian State University). They include regions with significant local tourism and cultural attractions (Vail-Edwards and Santa Fe) and general large tourism and/or retirement communities (Boone, Taos and St. George). They also include cities in the region that, like Pittsfield and other Berkshire County cities have experienced significant economic transformations from manufacturing or other local industries to economies that are more diverse, more service-oriented and have an emphasis on increasing tourism and local amenities.

---

<sup>12</sup> See *Rural Clusters of Innovation: Berkshires Strategy Project*, prepared by Monitor Company Group for the United States Department of Commerce and the Berkshire Economic Development Corporation, 2006.

Charts 12 and 13 below compare each of these regions with Berkshire County over the period 1996 to 2006, showing non-profit organizations per 10,000 residents and total non-profit revenues per capita in constant (inflation-adjusted) 2006 dollars.

**Chart 12**  
**Nonprofit organizations per 10000 county residents**

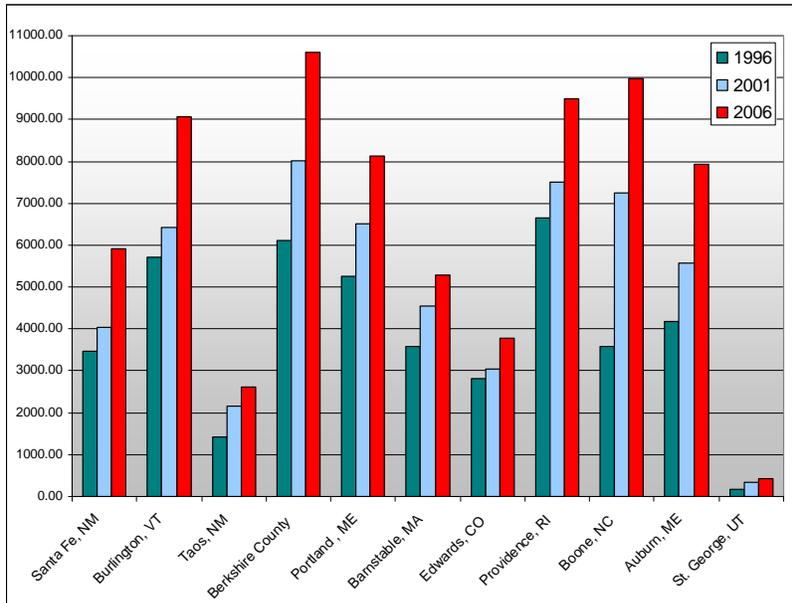


The cities are ordered in the chart according to the number of non-profits per capita in 2006, and this ordering is preserved for ease of comparison for all charts presented through the end of this section. For all regions except Berkshire County, we list the name of the city that serves as the focus of the region. The data presented, however, are for the entire county that contains that city. Thus each region includes both the urban center and some surrounding suburbs and rural area, and this facilitates comparison with the Berkshire County data.

Chart 12 shows that Berkshire County has the fourth highest concentration of non-profits per capita of the 11 region group. It has nearly five times the number of organizations per person as St. George, Utah and almost double the number of organizations per person as Auburn-Lewiston, Maine. It is generally comparable to the other regions, being about equal to Burlington, Taos and Portland, and about six percent less than Santa Fe, New Mexico. All of the regions except Taos have shown a growth in the number of non-profits, although the chart overstates the growth somewhat because even though our revenue figures are adjusted for inflation, price increases during the decade have pushed more organizations over the threshold that requires them to file a Form 990 so that they show up in our data (this is because the filing threshold itself is not indexed to the price level).

Chart 13 indicates that real revenues per capita in the non-profit sector have been growing in every comparison region, but Berkshire County is a standout, having the highest per capita revenues in 2006. It also has experienced a high rate of growth of per capita revenues in the sector, being eclipsed in this regard only by Boone, NC and Auburn-Lewiston, ME.

**Chart 13**  
**Total revenues of nonprofit organizations per capita**  
**(in 2006 dollars)**



**Chart 14**  
**Total expenditures of nonprofit organizations per capita**  
**(in 2006 dollars)**

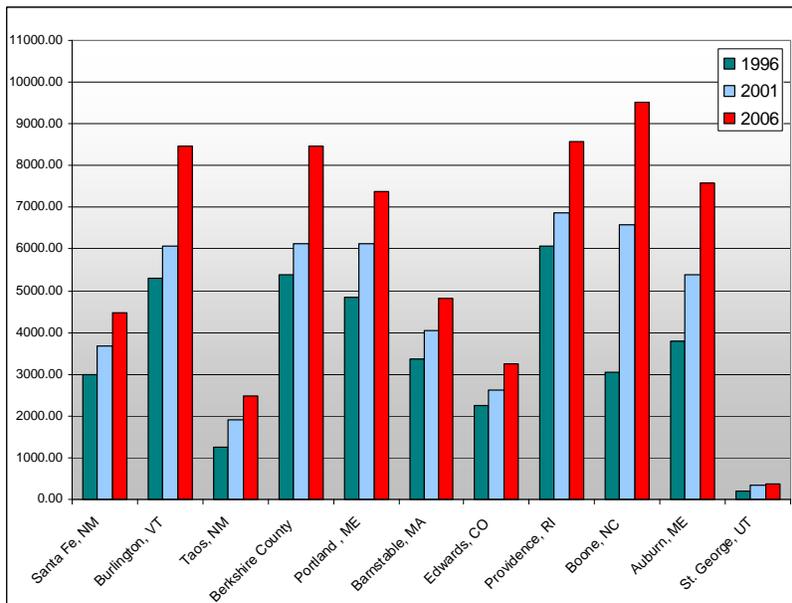
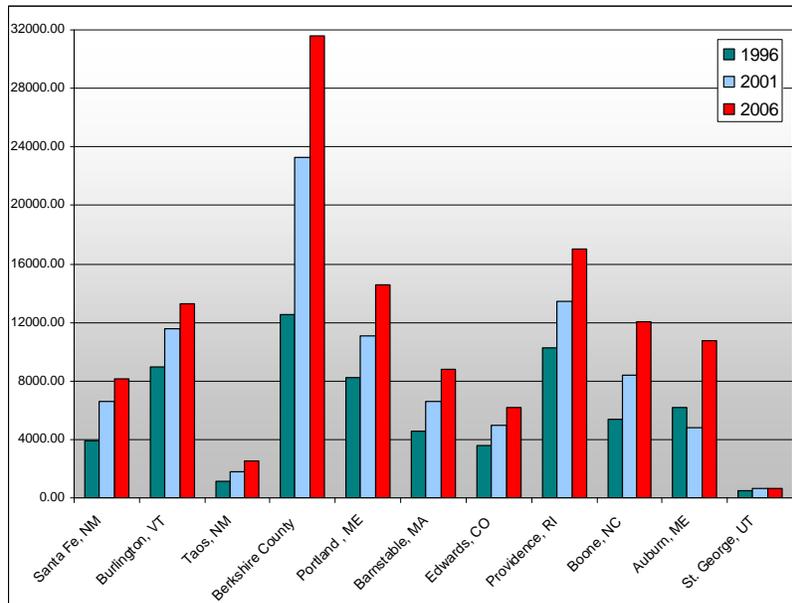


Chart 14 shows that while per capita expenditures have also increased in every region over the 1996 to 2006 period, the level of expenditures shows a somewhat different pattern across the

regions than the level of per capita revenues. Berkshire County non-profits are roughly equal in expenditures to those in Burlington VT and lower than in Providence, RI or Boone, NC. Local non-profits appear to be spending much less than their per-capita revenues, presumably as a way of conserving total resources to meet local needs.

**Chart 15**  
**Total assets of nonprofit organizations per capita**  
**(in 2006 dollars)**

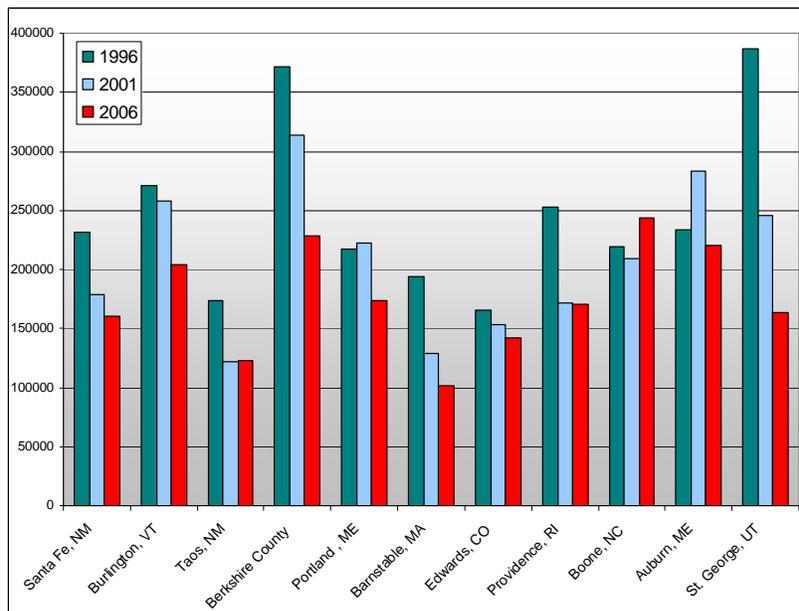


This local pattern of “saving for a rainy day” may in part help to explain the obvious differences in per capita assets of non profits, illustrated in Chart 15. In every year from 1996 through 2006, Berkshire county non-profits had assets per county resident that were much larger – in many cases more than double – those enjoyed by non-profits in the comparison regions. In part this is due to the unique economic model of private sector higher education and the success of Williams College in building its endowment. The strength of these local assets provides for continued stability of at least some portions of the local non-profit sector compared to other regions, As the sharp declines in financial asset markets in 2008-09 reveals, however, this can also be a source of vulnerability that can sometimes be weathered more comfortably by non-profit organizations whose revenues are less dependent on asset earnings and more dependent on program service revenues. In any event, Berkshire County is clearly unusual in this regard, and the fact warrants careful monitoring and perhaps more detailed study to determine its implications for the local economy.

Chart 16 presents comparative analysis of the median revenues of all non-profit organizations (who file the Form 990) in the regions. With the exceptions of Boone NC and Auburn-Lewiston, there is a general pattern of declining median revenues of non-profits. Juxtaposed against the data presented in Chart 13 showing increasing per capita revenues, Chart 16 implies not a decreasing non-profit sector, but rather a non-profit sector with growing numbers of smaller non-profit organizations. This increase, without a proportional increase in numbers of high-revenue

organizations causes a decline in the median size of organizations in the sector. There are numerous reasons that might be put forward for this situation. There may be a proliferation of social needs of various sorts, along with expectations that smaller more carefully targeted non-profit organizations might be better able to address these needs. There may be an increase in awareness of the usefulness of non-profit organizations and/or an increase in understanding of how to form such organizations. Whatever is the case, the general pattern is clear. Amongst these regions, Berkshire County stands out as having generally larger non-profits than other regions. In 1996 Berkshire was second only to St. George in the median revenues of non-profits. In 2006 the County was still in second place amongst the 11 regions, although Boone NC was the highest.

**Chart 16**  
**Median revenues of all nonprofit organizations in county**  
**(in 2006 dollars)**

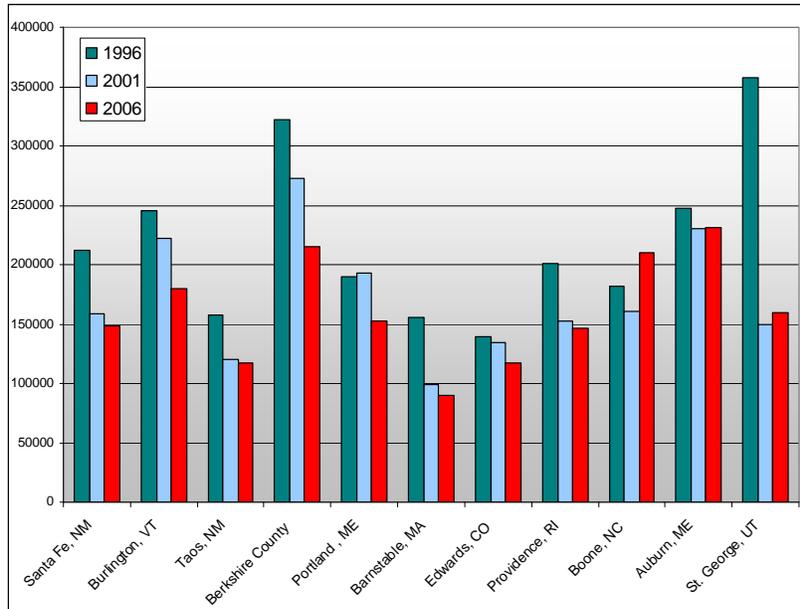


The pattern of median organization expenditure levels in the 11 regions follows the general pattern observed in revenues. As shown in Chart 17, most regions show a decline in the median level of expenditures over the decade, at least amongst the set of non-profit organizations that file Form 990. Again, Berkshire County’s non-profits have a higher median expenditure than the non-profits in most of the other regions, starting out second only to St. George, UT and ending up second to Boone, NC. Comparing these figures with Chart 14 this implies not a smaller non-profit sector, but one that consists of larger numbers of groups with small expenditure levels.

Chart 18 below shows that this pattern is similar, but not identical for the median levels of assets of non-profit organizations. While there is a general pattern decline in median asset levels from 1996 to 2006, the change for many of the regions is not steady. Several show increases for 2001 followed by sharp declines in 2006. Berkshire County, which as seen in Chart 15 is a standout in terms of non-profit assets per capita, is high but less unusual in terms of the median level of non-profit assets. The median assets held by all non-profits in Berkshire County in 2006 was about equal to the non-profits in and around Auburn-Lewiston, and about 20% lower than in

Providence, RI. These three regions, however, have considerably larger median asset levels than the other comparison regions. It is difficult to resist the temptation to conclude that this difference is due in some measure to the presence of important private Colleges or Universities with relative large endowments (Williams and Bates Colleges and Brown University).

**Chart 17**  
**Median expenditures of all nonprofit organizations in county**  
**(in 2006 dollars)**



**Chart 18**  
**Median assets of all nonprofit organizations in county**  
**(in 2006 dollars)**

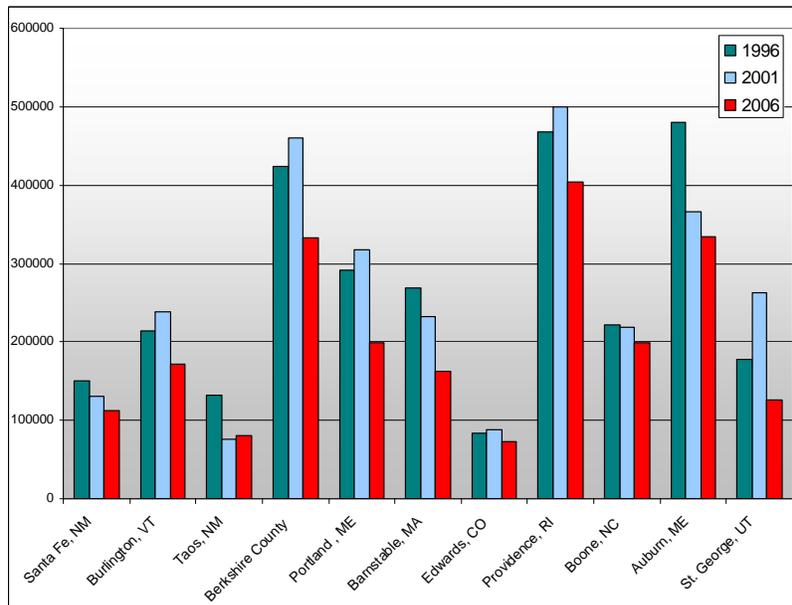
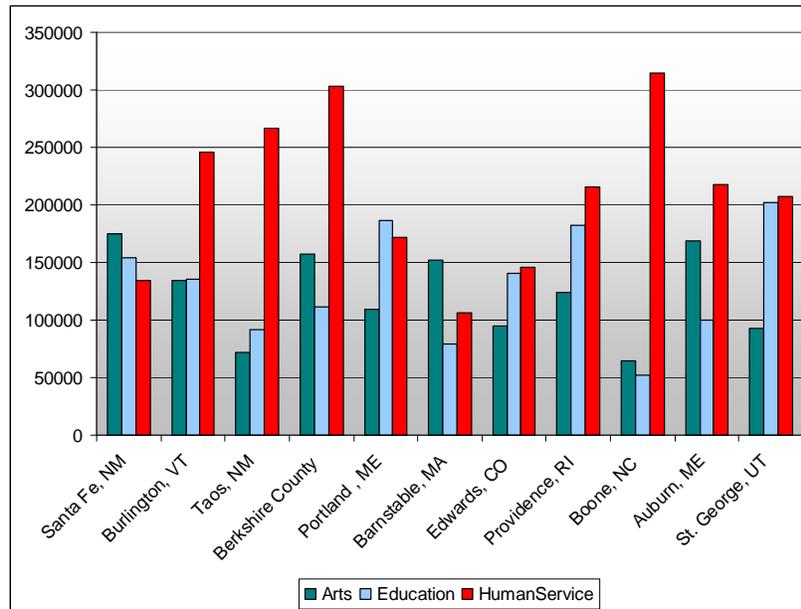


Chart 19 below provides some comparison between the size of the different non-profit subsectors in the 11 regions by illustrating the median revenue levels for non-profits in the Arts, Education and Human Services. All figures presented are for 2006.

**Chart 19**  
**Median 2006 revenues of county non-profits in arts, education and human services**



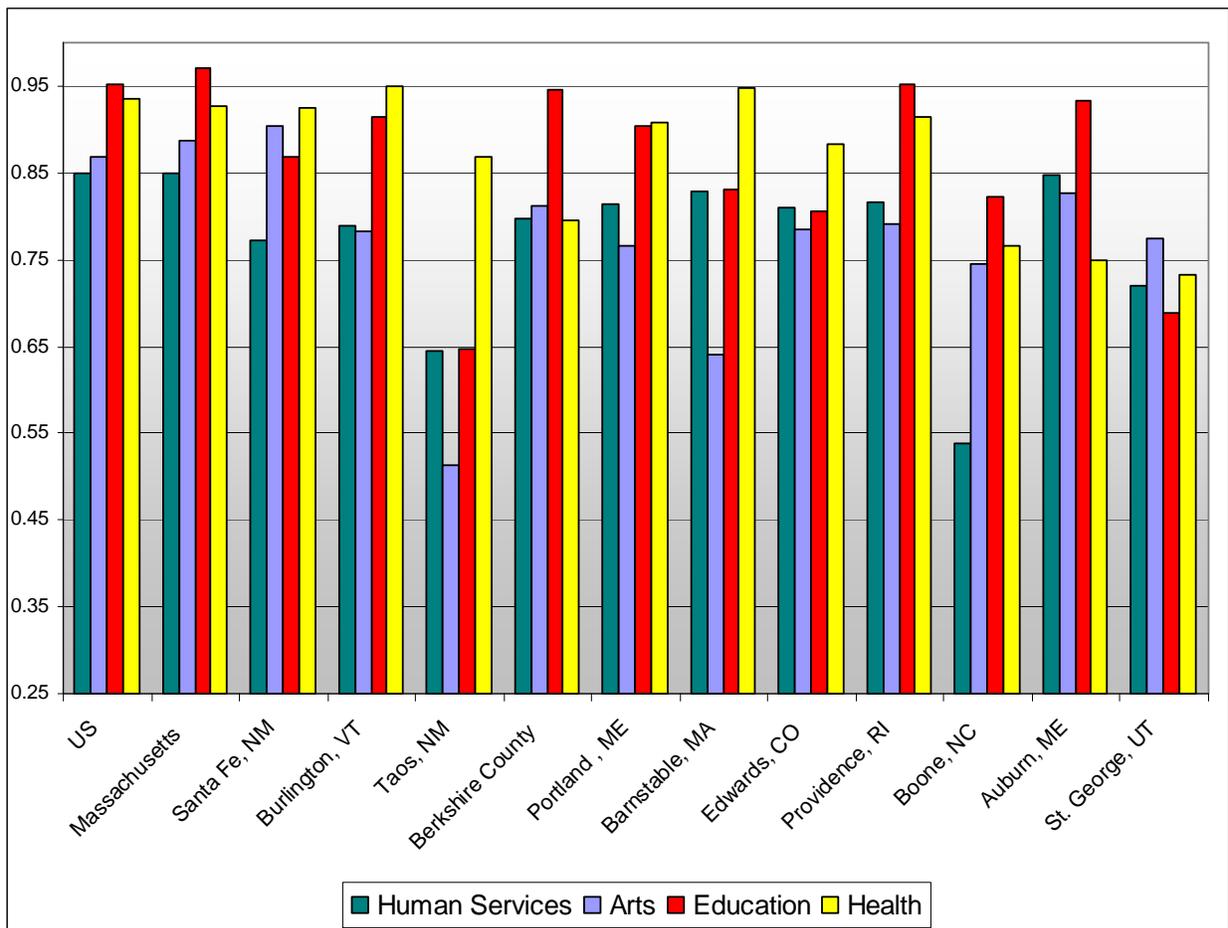
In Chart 19 we see that the median revenue levels of Berkshire County Human Service organizations are the second highest of the comparison group. The County’s Arts organizations are the third highest of the 11 regions, and the median revenues of Berkshire Education non-profits are not unusually large, being smaller than 6 of the other regions. While in part this relative position is due to using the median value as the basis of our comparison, since it keeps one or two organizations with very large revenues from inflating the average, it still suggests that at least in some sense it is the local Human Service and perhaps the Arts and Cultural sectors that are unusually large – or at least have a relatively larger number of large and medium sized organizations in the sector.

The question of the ‘dominance’ of the non-profit sector by a few large organizations, and the increase in numbers of small organizations is an interesting one that may pose a variety of challenges for the non-profit sector even if it is taking place in communities and regions around the country. In one way or another, this issue is brought directly to our attention in comparing the regions with each other and over time in Charts 12 through 19. How does Berkshire County compare with other regions in the extent to which its non-profit sector is characterized by a few very large organizations and a very large number of small organizations?

There are several techniques that we might use to measure and compare this distribution of non-profits by size. Economists often use measures like the “concentration ratio” that measure the share of total sales accounted for by the four, eight or some other relatively small number of organizations. Another method is to calculate the ‘Gini index of inequality’ in revenues amongst

the groups or organizations. Such an index is often used to characterize the extent of inequality in wealth or income among households. It takes the value 0 if there is no inequality at all (all organizations are the same size) and the value 1 if there is extreme inequality (one group has all the income and all other groups have zero). Thus, for example, the inequality index for income in the United States is about 0.408. In Sweden, it is 0.25 and in Namibia it is 0.743. Chart 20 presents the Gini index of inequality for Human Services, Arts, Education and Health non-profits in 2006 for all 11 regions, plus the entire US and the state of Massachusetts for comparison.

**Chart 20**  
**Index of inequality of total revenues across non-profits in various sectors**



For the most part, we see very striking patterns of enormous differences in the revenue levels of non profits. The higher the index of inequality, the more heavily dominated the sector is by a few large organizations. In general, we see that Health and Education are more dominated by large organizations than Human Services and the Arts. Berkshire County has Human Service and Arts non-profits whose revenues are somewhat less skewed towards large organizations than is true in the US or Massachusetts as a whole, but generally comparable to the other regions. Interestingly, Berkshire County health non profits seem less dominated by large organizations than the US or Massachusetts, or than many of our comparison regions. It is not surprising that Berkshire County's education non-profits are heavily dominated by a few large organizations. This pattern

is similar to that observed in Auburn-Lewiston and Providence, as well as Massachusetts as a whole. All of these areas have well-endowed private higher education organizations that are contributing to this pattern.

It is important to note that the inequality in revenues of non-profits is not a problem in the same sense as inequality in household income might be argued to be. Income inequality can be associated with relievable suffering and deprivation, while inequality in revenue levels of non-profits might represent nothing more than a diversity of missions and capabilities within the sector. On the other hand, the growth in the number of non-profit organizations and fall in the median size of these organizations may, along with the extreme patterns of revenue inequality, be indicative of a sector that might benefit from consolidation of organizations in order to avoid duplicative efforts either in program activities or in solicitation of funds from donors and grant organizations.

### **Descriptive summary of the non-profit sector in Berkshire County, 1996 to 2006**

At this point, we have presented a significant amount of information about the non-profit sector in Berkshire County during the years 1996 to 2006. The highlights of the data concerning each sector are as follows:

- Total expenditures of the non-profit sector in Berkshire County constitute 21% of the total purchase of goods and services, making the non-profit sector in Berkshire County more than twice as important as it is in the US as a whole (where the figure is 9.1%).
- Berkshire County has more than twice the number of non-profits per resident than is observed in the US as a whole, and 54% more per resident than all of Massachusetts.
- Despite the large number of non-profits in Berkshire County, average revenues per organization are higher than the average nationwide (although lower than the comparable figure for Massachusetts). Median revenues are higher in Berkshire County than either the national or state medians, indicating that even the smaller non-profits in Berkshire County are relatively successful in raising revenues, and that the entire sector is less dominated by a few large organizations than is true for Massachusetts as a whole.
- In all years, the *human services sector* has the greatest number of organizations reporting as non-profits in Berkshire County.
- The *arts and culture sector* has the highest growth rate for all the variables we considered – number of organizations; revenues; public gifts and government grants; expenditures; and assets.
- The *education sector* receives the largest amount of public gifts and government grants. While in 1996 the education sector received only 39% of all gifts and grants to non-profits in Berkshire County, in 2006 that number had grown to 51%. The education sector

also has the greatest level of assets of non-profits in Berkshire County. In all years the assets of the education sector were greater than those in all other sectors combined.

- The *'other' sector* relies most heavily on gifts and grants as a portion of their total revenue. In all three periods, half of total revenues in the 'other' sector came from public gifts and government grants. This compares, on the other extreme, with the health sector, where only 2-3% of total revenues came from gifts and grants.
- The *health sector* has by far the highest level of annual expenditures. In all three time periods, expenditures in the health sector were more than double those in the next closest sector, education. In 2006, health expenditures were greater than expenditures in all other sectors combined.
- Per capita assets of Berkshire County non-profits are extremely high compared with similar regions in the Northeast or around the US
- Median revenues and expenditures of non-profits in Berkshire County are high compared with similar regions in the Northeast or around the US
- There is great disparity in the sizes of non-profits throughout the US. In Berkshire County these disparities are relatively modest for all sectors except Education.

#### IV. The Economic Impacts of Non-Profits on Berkshire County

The preceding section provided a description of the non-profit sector in Berkshire County, along with comparisons between the County, the state of Massachusetts, and the entire United States. The data show that the non-profit sector is relatively more important locally than it is in the state or national economy, and that the local sector as a whole is less dominated by large organizations.

Even these data, however, fail to capture the full importance of the sector. Expenditures made by non-profits for inputs generate secondary local effects for local businesses, households, and other non-profits. These expenditures generate employment not only in the non-profit organizations themselves, but also in the retailers, restaurants, law offices and other businesses that either sell goods and services directly to the non-profits or to the people who work for them or travel to Berkshire County to visit them.

This section presents an analysis of these effects, including the direct effects of the spending of non-profits, the indirect effects of the businesses that trade directly with the non-profits, and the induced effects of the sales of goods and services to those who find employment or increase their incomes because of the presence of the non-profit sector.

To estimate these effects we rely upon a model of the local economy that tracks the patterns of purchases and sales in approximately 500 sectors of the economy. The model uses data on purchases and sales collected by the US Department of Commerce Bureau of Economic Analysis (BEA), along with data on employment patterns collected by the Bureau of Labor Statistics' Quarterly Census of Employment and Wages (the ES202 data). These are combined so that our models can produce an estimate of the total impact on the local levels of economic activity and the total number of jobs associated with a change in each part of the non-profit sector.

The sectors in our economic model are based on the type of good or service being produced. The BEA collects data on the inputs purchased by sectors identified according to the North American Industrial Classification System (NAICS). The NAICS sectors are combined to produce 500 sectors in our model that range from "Accounting and Bookkeeping Services" to "Wood Preservation". We use the reported NTEE activity code from the Form 990 data discussed above to determine the industrial sector that best represents the activity of each organization.

The non-profit organizations in Berkshire County are active in 27 different sectors of our economy. The analysis presented here considers the direct expansion in each of these sectors that results from the activity of the non-profit organizations, and then calculates the indirect and induced impacts all of the other sectors. Using these estimated increased levels of economic activity for each sector attributable to the operation of the non-profits, we use the ES202 data for each sector to estimate the total number of jobs in Berkshire County associated with the increased level of economic activity.

To fully understand these estimates, it is important to note that the employment estimates are for total jobs, not "full time equivalent" employment positions. For many policy makers and labor market analysts, the total number of jobs generated in a sector is of greater interest than the FTE

employment count, because it identifies the number of individuals whose livelihood is fully or partially sustained by the organization. In the analysis presented below, it is perhaps most helpful to think of the estimated economic and employment impacts as the total income and number of livelihoods that would be lost to Berkshire County if the sector or subsector disappeared. This is a conservative estimate of the associated loss in that it does not specifically account for the loss of benefits provided by the sector to the extent that such benefits exceed the value of revenues and donations received by the sector.

## **Arts & culture**

Berkshire County’s Arts & Culture non-profits fall into ten economic sectors. *Table 17* presents these economic sectors, the 2006 annual expenditures of these Arts & Culture non-profits, and the local economic impact of Arts & Culture non-profits in Berkshire County.

**Table 17**  
**Economic Impact of Arts & Culture Non-Profits, 2006**

<b>Economic sector</b>	<b># of Non-Profits</b>	<b>2006 Expenditures</b>	<b>Economic Impact</b>	<b>Employment Impact</b>
Civic, social & professional organizations	1	\$ 39,061	\$ 69,500	1.4
Newspaper publishers	2	\$ 970,693	\$ 1,417,131	15.5
Radio & television broadcasting	5	\$ 1,106,766	\$ 1,846,717	12.8
Motion picture & video industries	5	\$ 1,286,242	\$ 2,414,692	18.4
Independent artists, writers & performers	2	\$ 1,731,184	\$ 2,963,702	36.5
Promoters of performing arts	6	\$ 2,153,276	\$ 3,272,531	54.4
Other educational services	5	\$ 2,929,998	\$ 4,692,516	82.2
Grantmaking, giving & social advocacy organizations	4	\$ 9,376,349	\$ 18,201,813	272.2
Performing arts companies	22	\$38,707,114	\$ 67,593,864	1,658.7
Museums, historical sites & parks	17	\$23,835,189	\$ 42,488,911	546.5
<b>Totals</b>	<b>69<sup>13</sup></b>	<b>\$82,135,872</b>	<b>\$144,961,377</b>	<b>2,698.6</b>

<sup>13</sup> For the purpose of estimating the impact of the non-profit sector, we have included the 2006 expenditures of Tanglewood in the “promoters of performing arts” row. These expenditures are substantial but are not captured in the NCCS dataset because Tanglewood is embedded within the larger organization of the Boston Symphony Orchestra. We recently worked with the BSO on estimating 2006 expenditures and economic impact of the two locations and thus are able to include the Tanglewood figures here.

## Education

Berkshire County's educational non-profits fall into seven economic sectors. *Table 18* presents these economic sectors, as well as annual expenditures in 2006 and economic impact of each economic sector.

**Table 18**  
**Economic Impact of Educational Non-Profits, 2006**

<b>Economic sector</b>	<b># of Non-Profits</b>	<b>2006 Expenditures</b>	<b>Economic Impact</b>	<b>Employment Impact</b>
Civic, social & professional organizations	11	\$ 682,835	\$ 1,214,950	23.9
Management consulting services	3	\$ 703,208	\$ 1,184,075	10.3
Information services	5	\$ 1,423,872	\$ 2,257,493	12.9
Grantmaking & giving & social advocacy organizations	8	\$ 1,608,741	\$ 3,122,964	46.7
Other educational services	10	\$ 25,548,239	\$ 40,916,592	716.6
Elementary & secondary schools	13	\$ 47,226,604	\$ 82,598,342	1,371.1
Colleges, universities & junior colleges	2	\$200,800,960	\$338,784,408	4,331.7
<b>Totals</b>	<b>52<sup>14</sup></b>	<b>\$277,994,459</b>	<b>\$470,078,824</b>	<b>6,513.2</b>

---

<sup>14</sup> For purposes of analyzing the economic impact of the non-profit sectors we have included Bard College at Simon's Rock 2008 annual expenditures, adjusted to 2006 dollars, in the "Colleges, universities & junior colleges" row. Public information on Simon's Rock is embedded in Bard College's budget, but we were able to locate its 2008 budget at the Simon's Rock web site. <http://www.simons-rock.edu/newsroom/media-toolkit/quick-facts/?searchterm=operating%20AND%20budget>, accessed 2/23/2009. Simon's Rock 2008-09 operating budget of \$24,360,000 equals \$22,800,960 in 2006 dollars.

## Health

The non-profit health organizations in Berkshire County are spread across eight sectors. *Table 19* presents the 2006 expenditures of health non-profits and their economic impact on Berkshire County.

**Table 19**  
**Economic Impact of Health Non-Profits, 2006**

<b>Economic sector</b>	<b># of Non-Profits</b>	<b>2006 Expenditures</b>	<b>Economic Impact</b>	<b>Employment Impact</b>
Management consulting services	4	\$ 89,086	\$ 150,005	1.3
Civic, social & professional organizations	1	\$ 2,672,397	\$ 4,754,925	93.6
Home health care services	4	\$ 6,285,338	\$ 10,028,342	167.4
Grantmaking & social advocacy	11	\$ 35,912,818	\$ 69,715,660	1,042.7
Other ambulatory health care services	14	\$ 60,724,254	\$ 96,747,551	890.2
Nursing & residential care facilities	18	\$142,466,110	\$235,087,147	3,659.9
Hospitals	7	\$349,621,435	\$560,173,219	4,893.8
<b>Totals</b>	<b>59</b>	<b>\$597,771,438</b>	<b>\$976,656,848</b>	<b>10,748.9</b>

## Human services

There are human services non-profits in eleven economic sectors of the Berkshire County economy. *Table 20* shows those economic sectors as well as the 2006 expenditures of non-profit human services organizations and their economic impact.

**Table 20**  
**Economic Impact of Human Services Non-Profits, 2006**

<b>Economic sector</b>	<b># of Non-Profits</b>	<b>2006 Expenditures</b>	<b>Economic Impact</b>	<b>Employment Impact</b>
Other accommodations	1	\$ 42,123	\$ 68,007	0.6
Spectator sports	1	\$ 52,054	\$ 77,520	0.9
Other amusement & recreation industries	7	\$ 272,519	\$ 416,604	5.3
Civic, social & professional organizations	1	\$ 754,013	\$ 1,341,595	26.4
Agriculture & forestry support activities	2	\$ 820,855	\$ 1,335,325	34.0
Fitness & recreational sports centers	2	\$ 1,071,307	\$ 1,802,791	39.6
Grantmaking & giving & social advocacy organizations	6	\$ 3,248,186	\$ 6,305,532	94.3
Management consulting services	2	\$ 3,595,064	\$ 6,053,437	52.4
Child day care services	3	\$ 9,974,741	\$ 14,756,730	236.8
Nursing & residential care facilities	12	\$ 50,964,366	\$ 84,097,667	1,309.2
Social assistance	49	\$ 82,122,574	\$134,150,869	2,323.5
<b>Totals</b>	<b>86</b>	<b>\$152,917,802</b>	<b>\$250,406,077</b>	<b>4,123.0</b>

### 'Other' non-profits

The remaining non-profit organizations in Berkshire County, which we group under the category of 'other', are spread over six economic sectors. *Table 21* shows those economic sectors as well as 2006 expenditures and the economic impact of these expenditures.

**Table 21**  
**Economic Impact of 'Other' Non-Profits, 2006**

<b>Economic sector</b>	<b># of Non-Profits</b>	<b>2006 Expenditures</b>	<b>Economic Impact</b>	<b>Employment Impact</b>
Transit & ground passenger transportation	1	\$ 188,093	\$ 281,276	4.3
Museums, historical sites & parks	1	\$ 594,609	\$ 1,059,958	13.6
Religious organizations	4	\$ 637,196	\$ 979,036	7.2
Civic, social & professional organizations	17	\$ 2,057,453	\$ 3,660,770	72.1
Scientific research & development services	1	\$ 4,489,958	\$ 7,669,357	70.5
Grantmaking & social advocacy organizations	39	\$28,167,066	\$54,679,242	817.8
<b>Totals</b>	<b>63</b>	<b>\$36,134,375</b>	<b>\$68,329,639</b>	<b>985.5</b>

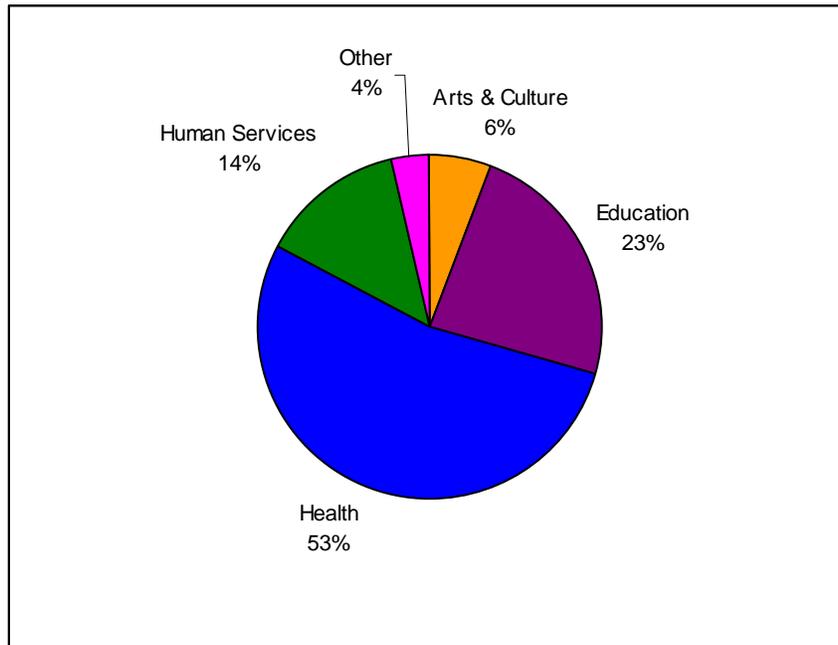
**Summary of the economic impact of the non-profit sector in Berkshire County**

It is now possible to discuss the impact of the entire non-profit sector on the Berkshire County local economy. *Table 22* summarizes the expenditures and economic impacts of non-profits in Berkshire County.

**Table 22**  
**Expenditures and Economic Impact of the Non-Profit Sector in Berkshire County, 2006**

	<b>2006 Expenditures</b>	<b>Economic Impact</b>	<b>Employment Impact</b>
<b>Arts &amp; Culture</b>	\$ 82,135,872 <sup>15</sup>	\$ 144,961,377	2,698.6
<b>Education</b>	\$ 277,994,459 <sup>16</sup>	\$ 470,078,824	6,513.2
<b>Health</b>	\$ 597,771,438	\$ 976,656,848	10,748.9
<b>Human Services</b>	\$ 152,917,802	\$ 250,406,077	4,123.0
<b>Other</b>	\$ 36,134,375	\$ 68,329,639	985.5
<b>Total</b>	<b>\$1,147,943,946</b>	<b>\$1,910,432,765</b>	<b>25,069.2</b>

**Chart 21**  
**The Distribution of Economic Impact of Non-Profits in Berkshire County, 2006**



<sup>15</sup>Expenditures for the Arts & Culture sector is greater here than in Table 1 because, for purposes of estimating economic impact, we have included expenditures for Tanglewood. Tanglewood is located in Berkshire County but is part of the Boston Symphony Orchestra, which files its 990 Forms in Boston.

<sup>16</sup>Expenditures for the Education sector is greater here than in Table 1 because, for purposes of estimating economic impact, we have included expenditures for Bard College at Simon’s Rock. The main campus of Bard College is in the state of New York, where it files its 990 Forms.

*Table 22* reveals that non-profit organizations in Berkshire County have annual expenditures over \$1.1 billion per year. Their impact on the local Berkshire County economy exceeds \$1.9 billion annually. Together Berkshire County non-profits directly or indirectly generate over 25,000 jobs. In the summer of 2006, the total number of jobs in County employers who report their employment was approximately 65,200. Jobs generated in the non-profit sector are about 38 percent of this.

*Chart 21* presents the distribution of economic impact among the five types of non-profit organizations.

### **Calculating economic impact based on economic sector classification**

In *Tables 17* through *21* above, some of the same economic sectors appear in multiple tables. For instance, in Berkshire County there are arts and culture organizations identified as Grantmaking Organizations, just as there are grant making organizations in the education, health, human services, and ‘other’ sectors. In terms of calculating economic impact, the analysis uses these economic sectors because they provide additional information about the structure of inter-industry exchanges. Museums have a different pattern of purchases and sales than does a motion picture and video company, although they both are in the non-profit cultural sector. *Table 23* provides data on the impact of \$1 million of expenditures in each of the sectors listed in *Tables 17* through *21*, as well as the employment impact in terms of number of jobs generated.

*Table 23* can be used to calculate the impact of a change in expenditures in any of these areas in Berkshire County. An increased level of expenditures of \$1 million per year in colleges, for instance, would increase the overall level of economic activity in the county by \$1.7 million and result in 22 new jobs. These figures can be scaled proportionately up or down to provide an evaluation for larger or smaller organizations, or expansions or contractions of non-profits.

Suppose, for example, that a small non-profit nursing home and assisted living facility is established in the county that has an annual operating budget of \$1,320,000 per year. *Table 23* indicates that such organizations can be expected to generate \$1,650,127 of overall economic activity and 25.7 jobs per \$1 million dollars of expenditures. We can then estimate the impact of this new non-profit using the following calculations:

$$\text{Economic impact} = \frac{1320000}{1000000} \times 1650127 = \$2,178,168 \text{ increased economic activity}$$

$$\text{Jobs} = \frac{1320000}{1000000} \times 25.7 = 33.9 \text{ new jobs}$$

The new facility can be expected to generate over \$2 million in increased output of goods and services in the county, and nearly 34 new jobs.

Suppose that there is interest not only in the total impact of a non-profit, but in the impact on a specific sector of the economy. Appendix tables *C1* through *C5* can be useful for the analysis of some situations. These tables present the impacts of selected sectors that include the county’s non-profit organizations, and indicate the impacts on each of the 23 economic sectors that have an employment impact of at least 0.25 jobs in response to a \$1 million expenditure in the sector.

To continue the example of the nursing home and assisted living facility, suppose that a restaurant owner is interested to know the possible impact of this new non-profit on her business. *Table C3* indicates that the impact per million dollars of expenditures by Nursing Homes and Assisted Living Facilities on the Food Services and Drinking Places sector is \$53,763 in total output and 1.10 jobs. A calculation similar to that illustrated above indicates that all restaurants and bars within the county could be expected to increase total output by about \$71,000 and to increase total employment in the sector by approximately 1.45 jobs.

**Table 23**  
**Economic and Employment Impact of \$1 Million Expenditures**

Sector	Impact of \$1 million	Employment Impact
Agricultural Support Activities	\$1,626,749	41.4
Child Day Care Services	\$1,479,410	23.7
Civic & Social Organizations	\$1,779,273	35
Colleges & Universities	\$1,687,165	21.6
Elementary & Secondary Schools	\$1,748,979	29
Fitness & Recreational Centers	\$1,682,796	37
Grantmaking & Social Advocacy	\$1,941,247	29
Home Health Care Services	\$1,595,514	26.6
Hospitals	\$1,602,228	14
Independent Artists	\$1,711,951	21.1
Information Services	\$1,585,461	9.1
Management & Consulting Services	\$1,683,819	14.6
Motion Picture & Video Industry	\$1,877,323	14.3
Museums	\$1,782,613	22.9
Newspaper Publishers	\$1,459,917	16
Nursing & Residential Care Facilities	\$1,650,127	25.7
Other Accommodations	\$1,614,483	14.3
Other Ambulatory Health Care	\$1,593,227	14.7
Other Amusements	\$1,528,715	19.5
Other Educational Services	\$1,601,542	28.1
Performing Arts Companies	\$1,746,291	42.9
Promoters of Performing Arts	\$1,519,792	25.2
Radio & TV Broadcasting	\$1,668,571	11.6
Religious Organizations	\$1,536,476	11.3
Scientific Research & Development	\$1,708,113	15.7
Social Assistance Organizations	\$1,633,544	28.3
Spectator Sports	\$1,489,231	16.8

**Impacts of tourism and visitors to non-profit organizations**

In addition to the economic impact generated by the expenditures of non-profit organizations, many of the non-profit organizations in Berkshire County attract visitors from outside of the county to their site, and these visitors spend money in the county that otherwise would not be

spent. Cultural venues, health care, and colleges all attract visitors in varying degrees to partake in their services and offerings.

It is difficult to provide a precise estimate of the economic impact generated by visitors to all Berkshire County non-profits since most non-profits will not have collected data on the number of visitors they have per year and, more importantly, their addresses so that we can distinguish those who are coming into the county and bringing income that they would otherwise spend in their home county. We can, however, discuss generally the impact of visitors so that any non-profit that has data on its number of non-local visitors per year can estimate the economic impact of these visitors. We can also provide examples where we do have data in the areas of culture, education, and health care.

*Table 24* provides the economic and employment impact of 100,000 nonlocal visitors to the county. We differentiate visitors to cultural venues from non-cultural visitors because research in Massachusetts has found that cultural visitors spend approximately twice as much as non-cultural visitors during their visit.

**Table 24  
Visitor Impact**

<b>Impact per 100,000 Cultural Visitors</b>	<b>Employment per 100,000 Cultural Visitors</b>	<b>Impact per 100,000 Non-cultural Visitors</b>	<b>Employment per 100,000 Non-cultural Visitors</b>
\$8,849,497	115	\$4,425,807	57.5

We see from *Table 24* that every 100,000 nonlocal visitors to Berkshire County cultural organizations increases economic activity by \$8.8 million and supports 115 jobs in the county. The figure for visitors to noncultural organizations is one-half this amount. *Table D1* in the appendix presents a more detailed look at the impacts of visitors, including impacts on all industrial sectors that experience at least 0.2 jobs per 100,000 visitors.

*Table 25* presents data we have on a subset of nonprofits in the county in terms of their nonlocal visitors and the economic and employment impact of these visitors. It is important to keep in mind that these are the number of visitors to the organization from outside of the county, not the total number of annual visitors.

**Table 25  
Impact of Visitors to Exemplary Berkshire County Non-profits**

<b>Non-profit Organization</b>	<b># Nonlocal Visitors Annually</b>	<b>Economic Impact</b>	<b>Employment Impact</b>
MASS MoCA	100,000	\$8,849,497	115
Tanglewood	310,000	\$27,443,441	357
Williams College	12,000	\$531,097	7
North Adams Regional Hospital	11,000	\$486,839	6
Total	433,000	\$37,310,874	485

We can see from *Table 25* the way in which many non-profit organizations in Berkshire County have significant economic impact beyond that generated by their organizational expenditures alone. Attracting visitors into the county, where they spend money that would not otherwise be spent here, creates its own significant level of economic impact.

### **Summary of economic impacts of the non-profit sector**

This section has identified the primary economic impacts of the non-profit sector on the Berkshire Economy. The main points are:

- Overall, the non-profit sector is of great importance to the local economy. It directly and indirectly generates over \$1.9 billion in economic activity, in a county whose total production of goods and services is approximately \$5.2 billion.
- The non-profit sector directly and indirectly generates over 25,000 full and part-time jobs in the County, accounting for as much as 38% of local employment.
- The non-profit health care subsector is the largest of the broad non-profit subsectors analyzed. It directly and indirectly generates over \$970 million in local economic activity, and accounts for over 10,700 jobs either directly in the sector itself or in the sectors that are expanded by its presence.
- The education and humans services subsectors are the second and third largest subsectors, respectively, of the non-profit world in Berkshire County. Combined they generate about as many jobs as health care and over \$720 million in local economic activity.
- The arts and culture subsector generates about \$145 million in local economic activity and nearly 2700 jobs. While smaller than the other major subsectors, it has exhibited robust growth during the past decade. It is also the draw for many of the visitors to the region.
- Many visitors are drawn to Berkshire County to visit non-profit organizations. While data on total visitors are limited, conservative estimates are that these visitors add another \$37 million in local economic activity and 485 full or part time jobs.

## V. Conclusions

The non-profit sector is an important sector in the economy of Berkshire County, playing a larger role relative to the local economy than is true for the state of Massachusetts or the US economy. Within the past decade, the County's non-profit sector has strengthened. In 1996 the average assets per reporting non profit in Berkshire County was approximately equal to amount of assets held by the average non-profit nationwide. By 2006 average assets had increased significantly in Berkshire County while remaining stagnant nationwide. While averages can obscure considerable variation in circumstances, overall the County's non profit sector appears to be robust when compared with the non-profit sector nationwide.

The non-profit sector in Berkshire County generates very significant economic impacts. If through some catastrophe the non-profit sector were to disappear from Berkshire County, our estimates suggest that the size of the local economy would shrink by over 40%, and the number of jobs in the county would decline proportionately.

The non-profit sector is a collection of organizations that provide goods and services in a way that serves a broad public benefit. In many cases these benefits are properly understood as of primary importance to the community. Because of the label "non-profit" however, the sector is sometimes thought to be a relatively insignificant part of the local economy that generates few economic impacts. The analysis presented in this report shows that this is not the case. The non-profit sector is essential for the economic health of Berkshire County.

## Appendix A

### Working with the National Center for Charitable Statistics (NCCS) Dataset

There are some limitations of the data collected from Form 990s that are identified and explained by the NCCS.<sup>17</sup> In examining the data for Berkshire County we have come across all four of the issues raised and we have addressed them to the extent possible.<sup>18</sup>

1. *Large organizations that dominate a sector, such as education or healthcare, may change reporting practices over time, and this change may make it appear as though a trend exists when in fact there is none.* We found cases where the code for a non-profit organization changed over the time period we studied. For instance, an organization might be listed as educational in its 1996 IRS filings but as cultural in its 2006 filings, even though its mission and primary focus remained the same throughout the period. Examples of this include Hancock Shaker Village, MASS MoCA, and Barrington Stage Company. In examining growth trends in non-profit sectors we assigned, in situations such as these, the 2006 code to all three years (1996, 2001, and 2006) so as to not inflate the growth in one sector (such as the cultural sector).
2. *Parent organizations may file returns for its affiliates, inflating the number of non-profit organizations that appear in one city.* There are two significant instances where non-profit organizations are a significant part of the Berkshire County non-profit sector but are absent in the NCCS data because they are ‘embedded’ in larger organizations based outside the county. One is Tanglewood, summer home of the Boston Symphony Orchestra, which reports a single set of financial data on its Form 990. Similarly Simon’s Rock College in Great Barrington is ‘embedded’ in Bard College located in Annandale-on-Hudson, New York. No separate Form 990 is filed for Simon’s Rock College and Simon’s Rock is not mentioned specifically in Bard College’s 990. As a result we do not have trend data for Tanglewood and Simon’s Rock College for the years 1996, 2001 and 2006. We have obtained information on the 2006 annual expenditures of the two organizations, however, and thus can include them in our analysis on the economic impact of non-profits in Berkshire County.
3. *Some dominant organizations may appear as suspicious financial outliers and may need to be checked one by one.* There exist some large non-profits in Berkshire County with which we are unfamiliar. We have verified, where possible, the data of these organizations by checking their 990 filings available on GuideStar.<sup>19</sup>
4. *Errors may be found as one works closely with the data.* The most common error we found that was easily verified and corrected involved data entry mistakes related to the name of the town where the organization is located. For instance, in the data received from NCCS, Pittsfield is misspelled as ‘Dittsfield’ in two instances; Great Barrington is misspelled at ‘Great Barrington’, etc. We corrected obvious mistakes in the data set as we came across them.

---

<sup>17</sup> Guide to Using NCCS Data, August 2006, <http://nccsdataweb.urban.org/kbfiles/742/NCCS-data-guide-2006c.pdf>, pp. 9-11, accessed 4/22/2009.

<sup>18</sup> In working with data for the Commonwealth of Massachusetts, it is not possible to check the data one organization at a time in the same way due to the sheer volume of non-profit organizations in Massachusetts.

<sup>19</sup> <http://www.guidestar.org/>, accessed 4/20/2009.

## Appendix B

**Table B1: Non-profit Organizations in Berkshire County  
Grouped by Section of the IRS Code that makes them Tax Exempt, 2006<sup>20</sup>**

IRS Subsection Number	Subsection Name <sup>21</sup>	# of Organizations in Berkshire County	% of Organizations Reporting Assets <sup>22</sup>	Total Assets of Reporting Organizations, 2006	Example Organizations in Berkshire County
501(c)(1)	Corporations organized under acts of Congress, such as Federal Credit Unions	1 <sup>23</sup>	100.0%	906,900,000	Greylock Federal Credit Union
501(c)(2)	Title holding corporations for exempt organizations	3	66.7%	5,742,083	Berkshire Omega Corp; Mental Health and Substance Abuse Services Realty Corp
501(c)(3)	Various charitable, religious, and educational organizations	789 <sup>24</sup>	55.5%	4,835,194,192 <sup>25</sup>	Berkshire Bank Foundation; MCLA Foundation
501(c)(4)	Social welfare organizations and local employee associations	49	44.9%	3,892,367	Kiwanis International; Great Barrington Fish and Game Association
501(c)(5)	Labor unions and agriculture	42	26.2%	22,454,121	MA Teachers Association; Communication Workers of America

<sup>20</sup> Source: National Center for Charitable Statistics data web, <http://nccsdataweb.urban.org/>

<sup>21</sup> Source: [http://en.wikipedia.org/wiki/501\(c\)\(1\)](http://en.wikipedia.org/wiki/501(c)(1)), accessed 1/21/2009.

<sup>22</sup> Approximately half of all non-profit organizations are required to report to the IRS using Form 990. Organizations with expenditures under \$25,000 and churches are not required to file a report.

<sup>23</sup> This is the Greylock Federal Credit Union. Federal credit unions are not included directly in the dataset, due to different government reporting requirements. Due to the large size of Greylock Federal Credit Union, however, we include their 2006 assets as reported in its 2009 Annual Report, page 7.

<sup>24</sup> This figure includes public charities and private foundations, both of which are 501(c)(3) organizations.

<sup>25</sup> The 501(c)(3) category includes both public charities (including public foundations) and private foundations. This figure for assets is greater than that given in Table 2 below because Table 2 looks only at public charities.

<b>IRS Subsection Number</b>	<b>Subsection Name<sup>21</sup></b>	<b># of Organizations in Berkshire County</b>	<b>% of Organizations Reporting Assets<sup>22</sup></b>	<b>Total Assets of Reporting Organizations, 2006</b>	<b>Example Organizations in Berkshire County</b>
501(c)(6)	Business leagues & chambers of commerce	28	46.4%	3,263,647	Berkshire Chamber of Commerce; Stockbridge Road Association
501(c)(7)	Recreational clubs organizations	30	40.0%	7,669,774	Country Club of Pittsfield; Mt Greylock Ski Club
501(c)(8)	Fraternal beneficiary societies	28	21.4%	4,547,789	Sons of Italy in America; Knights of Columbus
501(c)(9)	Voluntary employee beneficiary associations	4	50.0%	680,690	Petricca Industries Inc Employees Benefit Trust; Pittsfield Permanent Firemens Benefit Association Inc
501(c)(10)	Fraternal lodge societies	18	16.7%	118,158	Master Wardens & Members of the Grand Lodge of Masons in MA; Blue Knights Motorcycle Club
501(c)(11)	Teachers' retirement fund associations	0	--	0	--
501(c)(12)	Local benevolent life insurance associations, mutual irrigation & telephone companies, & like organizations	2	50.0%	186,073	Mill River Water Takers Association; Monterey Water Co.
501(c)(13)	Cemetery companies	1	100%	3,600,119	Proprietors of the Pittsfield Cemetery
501(c)(14)	Credit unions	2	100%	50,712,357	Landmark Credit Union; Credit Union of the Berkshires
501(c)(15)	Mutual insurance companies	0	--	0	--
501(c)(16)	Corporations organized to finance crop	0	--	0	--

<b>IRS Subsection Number</b>	<b>Subsection Name<sup>21</sup></b>	<b># of Organizations in Berkshire County</b>	<b>% of Organizations Reporting Assets<sup>22</sup></b>	<b>Total Assets of Reporting Organizations, 2006</b>	<b>Example Organizations in Berkshire County</b>
	operations				
501(c)(17)	Employees' associations	0	--	0	--
501(c)(18)	Employee-funded pension trusts created before June 25, 1959	0	--	0	--
501(c)(19)	Veterans' organizations	29	31.0%	2,889,452	American Legion; Vietnam Veterans of America
501(c)(20)	Group legal services plan organizations	0	--	0	--
501(c)(21)	Black lung benefit trusts	0	--	0	--
501(c)(22)	Withdrawal liability payment fund	0	--	0	--
501(c)(23)	Veterans' organizations created before 1880	0	--	0	--
501(c)(25)	Title-holding corporations for qualified exempt organizations	0	--	0	--
501(c)(26)	State-sponsored high-risk health coverage organizations	0	--	0	--
501(c)(27)	State-sponsored workers' compensation reinsurance organizations	0	--	0	--
501(c)(28)	National railroad retirement investment trust	0	--	0	--
<b>Total</b>		<b>1026</b>	<b>50.9%</b>	<b>5,847,850,822</b>	--

## Appendix C

**Table C1: Total Output and Employment Sectoral Impacts of Changes in Non-Profits**  
*Civic, Social and Professional Organizations, Colleges and Universities, Elementary and Secondary Schools*

#	Industry Name \$ impact per \$1 million	Civic Soc Prof Orgs \$	Civic Soc Prof Orgs Emp	Colleges & Univs \$	Colleges & Univs Emp	Elem& Secondary Schools \$	Elem& Secondary Schools Emp
	<b>Total</b>	<b>1,779,273</b>	<b>35.00</b>	<b>1,687,165</b>	<b>21.60</b>	<b>1,748,979</b>	<b>29.00</b>
467	Hospitals	38,617	0.30	33,295	0.30	38,742	0.30
431	Real estate	114,740	0.80	150,592	1.00	124,715	0.80
420	Radio and television broadcasting	4,461		3,206		1,918	
451	Management of companies and enterprises	9,603	0.10	5,434		5,899	
463	Other educational services	8,959	0.20	12,670	0.30	6,763	0.20
462	Colleges, universities, and junior colleges	9,205	0.10	1,007,857	15.30	9,166	0.10
473	Independent artists, writers, and performers	505		752		746	
468	Nursing and residential care facilities	8,818	0.20	7,603	0.10	8,847	0.20
470	Social assistance, except child day care services	5,629	0.10	4,853	0.10	5,647	0.10
493	Civic, social, professional and similar organizations	1,006,133	27.90	6,993	0.20	3,880	0.10
491	Religious organizations	3,098		2,671		3,108	
461	Elementary and secondary schools	2,783	0.10	2,400	0.10	1,002,793	22.40
492	Grantmaking and giving and social advocacy organizations	1,651		1,423		1,656	
471	Performing arts companies	754		2,660	0.10	678	
475	Museums, historical sites, zoos, and parks	511		440		512	
481	Food services and drinking places	32,391	0.60	26,342	0.50	29,418	0.60
465	Offices of physicians, dentists, and other health practitioners	32,694	0.30	28,189	0.20	32,801	0.30
474	Promoters of performing arts and sports and agents for public	827		1,262		797	
43	Maintenance and repair of nonresidential buildings	13,906	0.10	7,883	0.10	80,930	0.60
418	Motion picture and video industries	4,527		6,142		6,067	
437	Legal services	11,978	0.10	5,838	0.10	6,111	0.10
455	Business support services	6,864	0.10	3,627	0.10	3,041	0.10
454	Employment services	2,968	0.20	1,713	0.10	1,071	0.10

**Table C2: Total Output and Employment Sectoral Impacts of Changes in Non-Profits  
Grantmaking and Social Advocacy, Hospitals, Independent Artists, Writers and Performers**

#	Industry Name \$ impact per \$1 million	Grant making Soc Advoc \$	Grant making Soc Advoc Emp	Hospitals \$	Hospitals Emp	Indep Artists Writers Perfs \$	Indep Artists Writers Perfs Emp
	<b>Total</b>	<b>1,941,247</b>	<b>29.00</b>	<b>1,602,228</b>	<b>14.00</b>	<b>1,711,951</b>	<b>21.10</b>
467	Hospitals	48,359	0.40	1,029,268	8.60	25,546	0.20
431	Real estate	123,514	0.80	83,267	0.60	42,237	0.30
420	Radio and television broadcasting	4,287		1,390		5,117	
451	Management of companies and enterprises	16,119	0.10	15,380	0.10	6,088	
463	Other educational services	10,380	0.20	2,089		1,805	
462	Colleges, universities, and junior colleges	11,489	0.20	9,464	0.10	6,154	0.10
473	Independent artists, writers, and performers	602		361		1,008,932	12.20
468	Nursing and residential care facilities	11,043	0.20	6,683	0.10	5,834	0.10
470	Social assistance, except child day care services	7,051	0.20	4,266	0.10	3,724	0.10
493	Civic, social, professional and similar organizations	5,203	0.10	3,300	0.10	4,788	0.10
491	Religious organizations	3,879		2,348		2,049	
461	Elementary and secondary schools	3,485	0.10	2,109		1,842	
492	Grantmaking and giving and social advocacy organizations	1,002,067	19.80	1,251		1,092	
471	Performing arts companies	1,079		600		1,125	
475	Museums, historical sites, zoos, and parks	640		387		338	
481	Food services and drinking places	37,742	0.70	30,853	0.60	21,528	0.40
465	Offices of physicians, dentists, and other health practitioners	40,943	0.30	24,779	0.20	21,630	0.20
474	Promoters of performing arts and sports and agents for public	1,009		611		215,496	4.20
43	Maintenance and repair of nonresidential buildings	6,786	0.10	7,201	0.10	4,233	
418	Motion picture and video industries	4,246		1,279		1,834	
437	Legal services	16,474	0.20	12,841	0.10	7,342	0.10
455	Business support services	21,405	0.50	2,317		3,286	0.10
454	Employment services	8,224	0.40	3,353	0.20	2,643	0.10

**Table C3: Total Output and Employment Sectoral Impacts of Changes in Non-Profits  
Management Companies, Museums, Nursing & Residential Care Facilities**

#	Industry Name \$ impact per \$1 million	Manag- ement Cos	Manag- ement Cos Emp	Museums	Museums Emp	Nursing & Resid- ential Care Facilities	Nursing & Resid- ential Care Facilities Emp
	<b>Total</b>	<b>1,658,893</b>	<b>11.40</b>	<b>1,782,613</b>	<b>22.90</b>	<b>1,650,127</b>	<b>25.70</b>
467	Hospitals	27,207	0.20	35,700	0.30	35,371	0.30
431	Real estate	75,894	0.50	114,591	0.80	75,868	0.50
420	Radio and television broadcasting	13,780	0.10	3,409		1,737	
451	Management of companies and enterprises	1,005,353	5.70	10,594	0.10	7,492	
463	Other educational services	1,871		59,041	1.30	2,526	0.10
462	Colleges, universities, and junior colleges	6,490	0.10	8,551	0.10	8,425	0.10
473	Independent artists, writers, and performers	610		467		439	
468	Nursing and residential care facilities	6,213	0.10	8,152	0.20	1,008,077	19.50
470	Social assistance, except child day care services	3,966	0.10	5,206	0.10	5,155	0.10
493	Civic, social, professional and similar organizations	2,732	0.10	3,812	0.10	3,817	0.10
491	Religious organizations	2,182		2,864		2,837	
461	Elementary and secondary schools	1,961		2,575	0.10	2,549	0.10
492	Grantmaking and giving and social advocacy organizations	1,163		1,526		1,512	
471	Performing arts companies	476		680		1,083	
475	Museums, historical sites, zoos, and parks	360		1,000,472	14.90	468	
481	Food services and drinking places	20,928	0.40	31,030	0.60	53,763	1.10
465	Offices of physicians, dentists, and other health practitioners	23,034	0.20	30,229	0.20	29,946	0.20
474	Promoters of performing arts and sports and agents for public	797		753		721	
43	Maintenance and repair of nonresidential buildings	17,072	0.10	14,458	0.10	8,957	0.10
418	Motion picture and video industries	3,518		2,081		4,185	
437	Legal services	27,177	0.30	7,430	0.10	8,125	0.10
455	Business support services	817		13,937	0.30	1,314	
454	Employment services	864		3,303	0.20	4,081	0.20

**Table C4: Total Output and Employment Sectoral Impacts of Changes in Non-Profits**  
*Other Educational Services, Performing Arts Companies, Radio and TV Broadcasting*

#	Industry Name \$ impact per \$1 million	Other Educ Services	Other Educ Services Emp	Perf Arts Cos	Perf Arts Cos Emp	Radio &TV Broad casting	Radio &TV Broad casting Emp
	<b>Total</b>	<b>1,601,542</b>	<b>28.10</b>	<b>1,746,291</b>	<b>42.90</b>	<b>1,668,571</b>	<b>11.60</b>
467	Hospitals	24,170	0.20	34,103	0.30	17,356	0.10
431	Real estate	79,146	0.50	63,781	0.40	29,226	0.20
420	Radio and television broadcasting	4,901		4,755		1,109,543	6.90
451	Management of companies and enterprises	13,701	0.10	14,420	0.10	7,250	
463	Other educational services	1,020,497	22.70	2,387	0.10	1,299	
462	Colleges, universities, and junior colleges	5,884	0.10	8,138	0.10	9,518	0.10
473	Independent artists, writers, and performers	810		90,966	1.10	4,741	0.10
468	Nursing and residential care facilities	5,519	0.10	7,788	0.20	3,963	0.10
470	Social assistance, except child day care services	3,523	0.10	4,972	0.10	2,530	0.10
493	Civic, social, professional and similar organizations	3,247	0.10	4,062	0.10	2,661	0.10
491	Religious organizations	1,939		2,736		1,392	
461	Elementary and secondary schools	1,742		2,460	0.10	1,252	
492	Grantmaking and giving and social advocacy organizations	1,033		1,458		742	
471	Performing arts companies	672		1,001,814	35.30	494	
475	Museums, historical sites, zoos, and parks	320		451		230	
481	Food services and drinking places	20,847	0.40	29,769	0.60	15,826	0.30
465	Offices of physicians, dentists, and other health practitioners	20,464	0.20	28,876	0.20	14,695	0.10
474	Promoters of performing arts and sports and agents for public	747		30,291	0.60	6,055	0.10
43	Maintenance and repair of nonresidential buildings	9,307	0.10	6,302	0.10	5,552	
418	Motion picture and video industries	7,013		2,207		156,279	1.10
437	Legal services	7,734	0.10	8,276	0.10	4,556	
455	Business support services	2,244		2,699	0.10	1,000	
454	Employment services	6,822	0.40	4,576	0.20	817	

**Table C5: Total Output and Employment Sectoral Impacts of Changes in Non-Profits**  
*Religious Organizations, Social Assistance Organizations*

#	Industry Name \$ impact per \$1 million	Religious Orgs	Religious Orgs Emp	Social Assistance Orgs	Social Assistance Orgs Emp
	<b>Total</b>	<b>1,536,476</b>	<b>11.30</b>	<b>1,633,544</b>	<b>28.30</b>
467	Hospitals	13,838	0.10	37,025	0.30
431	Real estate	211,547	1.40	69,511	0.50
420	Radio and television broadcasting	855		2,240	
451	Management of companies and enterprises	2,911		14,321	0.10
463	Other educational services	1,008		3,005	0.10
462	Colleges, universities, and junior colleges	3,418	0.10	9,850	0.10
473	Independent artists, writers, and performers	365		434	
468	Nursing and residential care facilities	3,160	0.10	8,455	0.20
470	Social assistance, except child day care services	2,017		1,005,397	22.50
493	Civic, social, professional and similar organizations	2,778	0.10	3,683	0.10
491	Religious organizations	1,001,110	6.90	2,970	
461	Elementary and secondary schools	998		2,668	0.10
492	Grantmaking and giving and social advocacy organizations	592		1,583	
471	Performing arts companies	487		669	
475	Museums, historical sites, zoos, and parks	183		490	
481	Food services and drinking places	12,377	0.20	29,265	0.60
465	Offices of physicians, dentists, and other health practitioners	11,716	0.10	31,346	0.30
474	Promoters of performing arts and sports and agents for public	478		719	
43	Maintenance and repair of nonresidential buildings	46,855	0.40	7,505	0.10
418	Motion picture and video industries	783		6,990	
437	Legal services	5,071		6,176	0.10
455	Business support services	3,023	0.10	4,010	0.10
454	Employment services	1,524	0.10	2,580	0.10

## Appendix D

**Table D1: Total Output and Employment Sectoral Impacts of Visitors to Non-Profits  
Cultural Organization Visitors and Other Organization Visitors**

#	Industry	Impact per 100,000 Cultural Visitors	Employment per 100,000 Cultural Visitors	Impact per 100,000 Noncultural Visitors	Employment per 100,000 Noncultural Visitors
	<b>Total</b>	<b>8,849,497</b>	<b>115.00</b>	<b>4,425,807</b>	<b>57.50</b>
479	Hotels and motels- including casino hotels	3,463,595	38.20	1,731,800	19.10
481	Food services and drinking places	2,229,073	44.20	1,114,557	22.10
431	Real estate	285,325	1.90	142,709	0.90
411	Miscellaneous store retailers	255,444	7.80	127,929	3.90
467	Hospitals	130,086	1.10	65,061	0.50
390	Wholesale trade	112,441	0.70	56,233	0.40
465	Offices of physicians- dentists- and other health	110,139	0.90	55,085	0.40
451	Management of companies and enterprises	98,640	0.60	49,333	0.30
407	Gasoline stations	98,008	0.80	49,006	0.40
456	Travel arrangement and reservation services	97,377	0.90	48,689	0.40
430	Monetary authorities and depository credit intermediaries	84,057	0.40	42,037	0.20
422	Telecommunications	75,695	0.20	37,856	0.10
43	Maintenance and repair of nonresidential buildings	71,825	0.60	35,920	0.30
499	Other State and local government enterprises	64,056	0.30	32,034	0.20
427	Insurance carriers	49,048	0.20	24,530	0.10
438	Accounting and bookkeeping services	43,607	0.50	21,808	0.20
401	Motor vehicle and parts dealers	42,168	0.40	21,089	0.20
405	Food and beverage stores	41,846	0.70	20,928	0.30
439	Architectural and engineering services	39,840	0.30	19,923	0.10
437	Legal services	33,663	0.30	16,835	0.20
462	Colleges- universities- and junior colleges	31,951	0.50	15,980	0.20
466	Other ambulatory health care services	30,735	0.30	15,372	0.10
410	General merchandise stores	30,481	0.50	15,244	0.30
412	Nonstore retailers	30,386	0.20	15,197	0.10

## Appendix D

**Table D1: Total Output and Employment Sectoral Impacts of Visitors to Non-Profits  
Cultural Organization Visitors and Other Organization Visitors**

#	Industry	Impact per 100,000 Cultural Visitors	Employment per 100,000 Cultural Visitors	Impact per 100,000 Noncultural Visitors	Employment per 100,000 Noncultural Visitors
404	Building material and garden supply stores	30,240	0.30	15,124	0.20
468	Nursing and residential care facilities	29,706	0.60	14,857	0.30
139	Commercial printing	29,511	0.30	14,758	0.20
489	Drycleaning and laundry services	27,578	0.60	13,790	0.30
469	Child day care services	26,693	0.50	13,848	0.30
408	Clothing and clothing accessories stores	26,254	0.40	13,130	0.20
413	Newspaper publishers	26,136	0.30	13,070	0.20
458	Services to buildings and dwellings	25,945	0.40	12,976	0.20
73	Bread and bakery product- except frozen- manufactu	23,184	0.20	11,593	0.10
398	Postal service	22,190	0.30	11,098	0.20
394	Truck transportation	19,639	0.20	9,822	0.10
483	Automotive repair and maintenance- except car wash	19,338	0.20	9,672	0.10
406	Health and personal care stores	19,307	0.30	9,656	0.10
470	Social assistance- except child day care services	18,967	0.40	9,486	0.20
478	Other amusement- gambling- and recreation industri	17,088	0.20	8,546	0.10
493	Civic- social- professional and similar organizati	15,520	0.40	7,762	0.20
402	Furniture and home furnishings stores	15,071	0.20	7,537	0.10
497	State and local government passenger transit	13,506	0.20	6,754	0.10
471	Performing arts companies	13,465	0.50	6,733	0.20
400	Warehousing and storage	12,870	0.20	6,437	0.10
464	Home health care services	11,827	0.20	5,915	0.10
487	Personal care services	10,337	0.20	5,170	0.10
461	Elementary and secondary schools	9,378	0.20	4,690	0.10
463	Other educational services	9,227	0.20	4,615	0.10
409	Sporting goods- hobby- book and music stores	8,967	0.20	4,485	0.10

## Appendix D

**Table D1: Total Output and Employment Sectoral Impacts of Visitors to Non-Profits**  
*Cultural Organization Visitors and Other Organization Visitors*

#	Industry	Impact per 100,000 Cultural Visitors	Employment per 100,000 Cultural Visitors	Impact per 100,000 Noncultural Visitors	Employment per 100,000 Noncultural Visitors
395	Transit and ground passenger transportation	8,939	0.20	4,470	0.10
454	Employment services	7,229	0.40	3,616	0.20
494	Private households	5,126	0.50	2,564	0.20