Analysis of U.S. trends in nonprofits and charitable giving
Here at Civis, we’re curious, and we like numbers. Sometimes, just for fun, we’ll pull publicly available data and see what interesting macro trends we can find (see here and here).

At the end of 2018, we were looking at IRS 990 data (public information on nonprofits) and thought “hey, wouldn’t it be cool to share our findings with more people?” So we brought in our friends at Fast Company, shared the numbers, and let them take it from there.

What follows are highlights of the nonprofit analysis we gave Fast Company.
Methodology

Every nonprofit is required to file a Form 990 to the IRS. 990s include information such as mission statements, program details and financial performance. This information is publicly available through the IRS website.

We analyzed a machine-readable version of Form 990 data from more than 353,000 nonprofits across the U.S. We then applied a machine learning method called “topic modeling” to categorize mission statements into specific topics, each defined by a set of words. For example, a topic defined by "youth, sport, baseball, program, league" would be categorized as youth sports. Find more detail on this in the Appendix.

We then assigned each nonprofit to one or more categories using the topic model and compared the financial characteristics of nonprofits by category and location.
Key points

★ The most common type of organization isn’t always the best-funded.
★ There’s an opportunity for nonprofits to learn from other well-funded nonprofits.
★ Data can expose regional gaps in services, which funders can use to guide investments, volunteers can use to identify causes in need, and nonprofits can use to show they’re doing work not addressed by others.
What are the most common types of organizations?

Most frequent categories by state

Nonprofits that serve vulnerable populations (such as children, people with developmental disabilities and seniors needing long-term care), are the most common type of organization within a majority of the states. While these nonprofits serve a diverse set of communities, they are united in providing services to populations that might otherwise fall through the cracks.
What are the most common types of organizations?

Most frequent categories by state

On the **West Coast**, the most common organizations promote **youth character development**.

Organizations that promote **economic development** are the most common type of organization in **ND, WI, MD, VA, and MI**.

In **LA and IN**, organizations dedicated to **affordable housing** are most common.
Which organizations are the most well-funded?

Best funded categories by state

While “vulnerable population” organizations are the most common, they are not the most well-funded. Nonprofits focused on healthcare are by far the biggest, both in terms of total revenue across the sector as well as average revenue per organization. The largest include not-for-profit health plans and universities with large medical centers.
Which organizations are the most well-funded?

Best funded categories by state

In most states, the most well-funded nonprofits are healthcare focused, but this is not true across the board. For example, in parts of the Midwest (MI, IL, MN, and AR) and parts of the Southwest (NV and NM), mutual assistance associations focused on benefits and insurance have the highest average revenue.
Distribution of best-funded organizations across the U.S.
Trends based on location of best-funded organizations

For each category, we identified the 5 organizations with the most revenue, and studied their locations.

Across categories, the largest organizations are spread out across the U.S., although Minnesota is home to 10 nonprofits that appeared in our “top 5” analysis.

Looking at single categories of nonprofits, the most “top 5” organizations in any one state is two.
What are the most popular types of organizations in cities?
Trends within the most populous U.S. cities

Youth character development, vulnerable populations, scholarships, and economic development are almost always in the top four seeming to reflect what are often the top issues in major cities.

In New York, culture creeps into the top four in terms of most numerous organization type, likely reflecting the prevalence of arts organizations and other creative industries in New York City.

Healthcare and benefits & insurance organizations have some of the top total and average revenues across all cities except San Jose and San Antonio, despite rarely being in the top four numerous organization types.
What are the most popular types of organizations in cities?

City-specific trends

Youth character development groups have the second highest average revenue (and highest total revenue) in Houston, Dallas, San Jose, and Phoenix.

Labor organizations have the second highest average revenue and vulnerable populations having the second highest total revenue in San Antonio.

In New York City, culture is one of the four most common organization types, and in Philadelphia, cultural organizations have the second highest average revenue.
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Appendix

Overview of the categories
How we created the categories mentioned in this report

Data Scientists at Civis created a tag for each category based on the most common and distinctive words associated with each topic.

Some of the keywords are not actual words due to a data cleaning step called lemmatization, which means trimming each word to its stem. For example, “education” and “educator” would be transformed to “educ.” This makes it easier for the algorithm to identify common concepts, even if they are expressed with different versions of the word.

The following appendices highlight a few categories to give an example of the types of organizations, their mission statements, and the keywords associated with each.
Category examples

Youth Character Development

Sample Organization:
The Peninsula Metropolitan YMCA

Sample Mission Statement:
Our mission is to put Christian principles into practice through programs that build healthy spirit, mind, and body for all. Our focus: youth, development, healthy living and social responsibility

Keywords:
communiti, student, educ, mission, learn, school, develop, build, peopl, program
Category examples

Vulnerable Populations

Sample Organization:
Alaska Association on Developmental Disabilities

Sample Mission Statement:
The specific purposes of this organization are to enhance the quality of life of individuals with developmental disabilities and their families by providing leadership and training.

Keywords:
children, servic, famili, care, provid, disabl, live, health, child, individu
Category examples

Economic Development

Sample Organization:
Harristown Development Corporation

Sample Mission Statement:
Promote, provide, & increase social, cultural, and economic, activity. Excel in urban planning and development. Operate and manage efficiently, effectively, and ethically. Partner with public, private, and non-profit groups and individuals. Link the regional community. Enhance in all ways possible downtown’s quality and character of life for all residents, businesses, employees, customers, and visitors.

Keywords:
busi, develop, promot, econom, industri, communiti, educ, profession, inform, member
Category examples

Sample Organization:
California Wildlife Foundation

Sample Mission Statement:
California Wildlife Foundation is a statewide non-profit which partners with public agencies, private businesses, and other non-profits to administer private and public funds aimed at acquiring and restoring critical wildlife habitat, protecting species, and informing the public of the importance of preserving California’s natural capital of land and water for the well being of future generations.

Keywords:
protect, water, conserv, rural, natur, preserv, safeti, educ, wildlif
Category examples

Sample Organization:
District Council 37 of AFSCME

Sample Mission Statement:
The plan is a multi-employer plan providing dental, disability, death, prescription drugs, optical and other supplemental medical benefits to members & dependents pursuant to the relevant collective bargaining agreements between participating cultural institutions in New York City and District Council 37 of the American Federation of State, County, and Municipal employees and its affiliated locals.

Keywords:
benefit, welfar, member, health, employe, provid, insur, compani, gold, associ
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