Kentucky Nonprofit Network partnered with Grantmakers of Kentucky to check in on the health of the nonprofit sector at year end 2020. This snapshot summarizes results from 265 responding charitable nonprofits.

**HOW KENTUCKY NONPROFIT RESPONDENTS ARE FARING:**

- 37% decrease in KY nonprofits' annual revenue
- 31% of KY nonprofits have laid off or furloughed staff, or plan to by mid-2021
- 7% of KY nonprofits have shut down in 2020
- 9% of KY nonprofits expect to shut down by mid-2021
- 78% report concerns of staff burnout

**WHEN KENTUCKY'S NONPROFITS ARE HURTING, KENTUCKIANS ARE HURTING.**

- 46% of nonprofits report current or expected reduction in services
- 926,415 Kentuckians impacted by a reduction in services - at least 27% of Kentucky's population
- 54% of nonprofits report current or expected increase in the demand for services
- 111,388 Kentuckians in need of services due to COVID-19
- $201 million Total lost revenue to date due to COVID-19
- $13.6 million Total increased expenses to date due to COVID-19

**Top areas of increased need:**

- Food Insecurity
- Housing Assistance
- Mental Health
- Utilities
- Employment

20% of responding organizations reporting increased service demand have hired new staff (343 jobs created)
SPECIAL EVENT REVENUE: Despite attempts to transition to virtual events, special event revenue has seen the greatest decline. 55% of respondents reported this revenue down by 50% or more, and 31% projected a similar decrease again in 2021.

FEE FOR SERVICE/EARNED REVENUE: 35% reported that this revenue was down by 50% or more in 2020, and 20% anticipate a similar decrease in 2021. However, more respondents predicted a less significant decline in 2021 - 28% predicted a decrease between 16-49%.

CORPORATE GRANTS/SPONSORSHIPS: 45% of respondents experienced a decline of at least 16% or more. 26% reported staying within 15% of their budgets, and 8% reported an increase of 16% or more. 47% anticipate declines to continue in 2021, though more (35%) expect to be within 15% of their budgets this year.

INDIVIDUAL GIVING: Although 41% of respondents report their 2020 giving declined by 16% or more, with 15% reporting declines of 50% or more, individual giving remained the most steady of all revenue sources. Similar trends, though slightly more optimistic, are projected in 2021.

FOUNDATION GRANTS: This revenue held fairly steady in 2020. 31% of nonprofits reported declines of more than 16%, 28% reported being within 15% of budget, and 13% saw an increase of 16% or more. Like individual giving, similar trends are projected for 2021 with a bit more optimism.

GOVERNMENT GRANTS/CONTRACTS: Similar to foundation grants, government grants and contracts saw the largest percentage of increase at 13%, likely due to federal relief funding and an increased demand for services. While 21% saw declines of 16% or more, 27% remained within 15% of budget. Interestingly, 30% expect declines of 16% or more in 2021 - likely attributed to the mid-December timing of the survey; Kentucky's budget projections had not yet been released, and the overdue federal relief bill had not yet become law.

REMAINING CASH RESERVES

- 6+ months: 11%
- 3-6 months: 30%
- 1-3 months: 28%
- 31%

ACCESSING ENDOWMENT FUNDS TO MEET OPERATING EXPENSES

- Yes, we have accessed: 9%
- Not yet, but we will if needed: 19%
- We don't have an endowment: 48%
- Unsure: 22%
- No, we do not anticipate needing to access: 2%
PERMANENT IMPACT OF PANDEMIC ON NONPROFITS

Hybrid of working from physical location and working remotely 59%
Cutting program expenses 42%
New collaborations 41%
New services/programs to meet increased needs 39%
Reducing services/programs 27%
Cutting staff expenses 25%
Hiring new staff to meet increased needs 17%
Closing physical locations and operating/working remotely 15%
Reducing employee compensation, benefits, &/or hours 13%
Increasing employee compensation and/or benefits 9%
Originally closed temporarily, likely to close permanently 0%

Up from 32% in summer 2020

WHAT'S NEXT FOR KY NONPROFITS?

We are confident we will stay at our current or higher level of activity for the next year. 80%
We continue to rethink how our organization can deliver our programs/services. 98%
We are considering a strategic alliance with another organization. 67%
We are considering a merger with another organization. 7%
We are uncertain about the financial future of our organization. 46%

Up from 59% in summer 2020
Up from 23% in summer 2020
Down from 63% in summer 2020
ABOUT THE RESPONDENTS

Organization's Primary Focus

<table>
<thead>
<tr>
<th>Category</th>
<th>% of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Services</td>
<td>30%</td>
</tr>
<tr>
<td>Arts, culture, humanities</td>
<td>20%</td>
</tr>
<tr>
<td>Education</td>
<td>16%</td>
</tr>
<tr>
<td>Health</td>
<td>13%</td>
</tr>
<tr>
<td>Public, societal benefit</td>
<td>11%</td>
</tr>
<tr>
<td>Environment &amp; Animals</td>
<td>5%</td>
</tr>
<tr>
<td>Mutual/member benefit</td>
<td>2%</td>
</tr>
<tr>
<td>Religion related</td>
<td>2%</td>
</tr>
<tr>
<td>International, foreign affairs</td>
<td>1%</td>
</tr>
</tbody>
</table>

For context, 26% of ALL KY nonprofits are Human Services organizations.

Organization's Annual Budget

<table>
<thead>
<tr>
<th>Annual Budget Range</th>
<th>% of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under $250,000</td>
<td>27%</td>
</tr>
<tr>
<td>$250,000-$499,999</td>
<td>18%</td>
</tr>
<tr>
<td>$500,000-$999,999</td>
<td>14%</td>
</tr>
<tr>
<td>$1M-$2,499,999</td>
<td>20%</td>
</tr>
<tr>
<td>$2.5M-$4,999,999</td>
<td>6%</td>
</tr>
<tr>
<td>$5M-$9,999,999</td>
<td>4%</td>
</tr>
<tr>
<td>$10M-$24,999,999</td>
<td>7%</td>
</tr>
<tr>
<td>Over $25M</td>
<td>4%</td>
</tr>
</tbody>
</table>

For context, 75% of ALL KY nonprofits have annual operating budgets of less than $500,000.

NONPROFITS ARE VITAL TO KENTUCKY'S RECOVERY

LARGEST PRIVATE SECTOR EMPLOYERS BY INDUSTRY

<table>
<thead>
<tr>
<th>Industry</th>
<th>Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>250,180</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>213,612</td>
</tr>
<tr>
<td>Accomm./Food Svc.</td>
<td>174,069</td>
</tr>
<tr>
<td>Nonprofit Sector</td>
<td>154,213</td>
</tr>
<tr>
<td>Health Care/Social Asst.</td>
<td>124,097</td>
</tr>
</tbody>
</table>


#MORETHANCHARITY

154,213 jobs at nonprofits

$7.5 billion in wages

$24 billion in annual expenditures benefiting Kentucky’s economy

Kentucky Nonprofit Network

www.kynonprofits.org