



The Kentucky Nonprofit Sector 2008

MORE THAN CHARITY

Nonprofit organizations:

- Provide opportunities for citizens to engage in their communities through volunteerism and philanthropy.
- Improve our quality of life.
- Support our economy.
- Bring foundation and federal grant revenue into the state.
- Aid in attracting businesses to locate in communities through direct services and cultural richness.
- Help define and shape the character of communities.

Quick Facts on Kentucky's Nonprofit Sector:

- Kentucky's nonprofit sector grew at a rate of 56 percent over the past ten years.
- In 2005, the sector contributed more than \$13 billion to Kentucky's economy, nearly ten percent of the gross state product.
- In 2005, the average charitable contribution of Kentuckians itemizing deductions was \$3,240, or 3.1 percent of income. The national average of income contributed is 2.5 percent.

The nonprofit sector in Kentucky is large, diverse and growing. Over 20,000 nonprofit organizations throughout the state deliver programs and services to our citizens. Nonprofits provide access to the arts, protect the environment, feed the hungry, assist the disabled in finding meaningful employment, provide affordable mental health services, teach the illiterate to read, provide quality child care for working parents and hundreds of other services that strengthen our communities and enhance our quality of life. The many ways that nonprofits impact each and every Kentuckian is too long to list here, but each of our lives is better because of the social and economic role that nonprofits play in our communities.

The purpose of this report is to build awareness of the breadth and scope of Kentucky's nonprofit sector, while also educating the general public, policy makers, journalists, and even nonprofit organizations themselves on the social, civic and economic importance of the sector. Much attention is given to the condition of business and government in our state, but nonprofits are often overlooked despite the fact that these organizations fill a critical role as a third and independent sector.

This report summarizes the most current data available for Kentucky's nonprofit organizations and focuses primarily on "reporting" nonprofits, which refers to those organizations required to report each year to the Internal Revenue Service because they bring in over \$25,000 in gross annual receipts. However, it is important to note that the numbers in this report only tell part of the story. In addition to the reporting 501 (c) 3 organizations, there are over 5,000 organizations not required to file with the IRS, including booster clubs, local PTAs, little leagues, rescue squads and numerous other small organizations that are active in our communities, but are not required to file with the IRS at this time because their gross annual receipts do not top \$25,000. These small, often volunteer-led organizations are at work in our communities each day.

Charitable nonprofits benefit us in ways that can't easily be quantified. As tools for community building, nonprofits exist to improve people's lives, as well as improve the communities in which they live. By connecting people, inspiring altruism and giving voice to local and far-reaching concerns, nonprofits bind communities together. Kentucky residents have and will continue to place their trust in the responsiveness, performance and quality of services provided by these organizations.

The Kentucky Nonprofit Leadership Initiative is pleased to present this report, in collaboration with the National Council of Nonprofit Associations and the Urban Institute's National Center for Charitable Statistics, to promote greater appreciation and understanding of our state's nonprofit community.

Danielle Clore
Director
Nonprofit Leadership Initiative

Understanding Nonprofit Sector Data

What is a nonprofit organization?

The answer to this simple question is unfortunately not so simple. United States tax law delineates 27 separate sections under which organizations can claim exemption from federal income taxes as nonprofit organizations. These categories include social welfare organizations, business leagues, social clubs and credit unions, just to name a few.

The focus of this report is organizations claiming tax exempt status under Section 501 (c)(3), reserved for educational, religious, scientific, literary and other charitable organizations. These include: nonprofit hospitals, colleges, universities, day care centers, museums, orchestras, arts, theatres, homeless shelters, emergency response and many more.

The term nonprofit is misleading, these organizations can make a profit—that is, they can earn more revenue than they spend in any given year. The difference between this and profit in the traditional sense is that nonprofits must reinvest any excess funds in their programming and therefore in the community, while for-profit entities can distribute excess to their shareholders.

Where does data on nonprofit organizations come from?

The picture of the nonprofit sector is a little fuzzy due to differences in statistical systems. There are at least two main sources for nonprofit statistics, and each provides a slightly different view. These sources include:

- Internal Revenue Service Exempt Organizations Master File - a master list of organizations that have been granted tax-exempt status. At this time, this listing is rarely purged and may contain many organizations that are no longer in operation. The IRS is addressing this issue through the creation of new reporting form, the 990-N. This effort should provide improved data in the coming years.
- IRS Form 990 Data - organizations with yearly gross receipts over \$25,000 are required to report to the IRS using the Form 990. This form collects information on revenues, expenditures, awarded grants and contracts, and other financial information. Data from these forms is collected and analyzed to provide a more precise picture of the nonprofit sector.



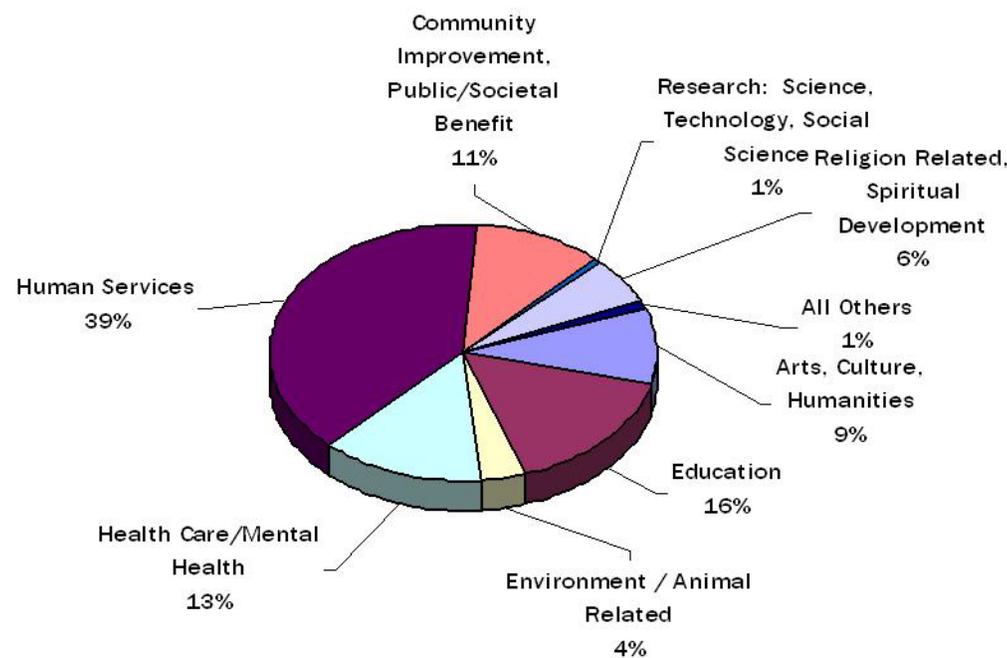
- In 2005, there were 10,963 nonprofits in Kentucky registered with the IRS and 4,273 nonprofits reporting to the IRS (Fig. 1).
- Nationally in 2005, there were 946,758 nonprofit organizations registered with the IRS and 409,384 reporting to the IRS.
- In Kentucky in 2005, there were 6,639 registered nonprofits under other 501 (c) subsections and 2,059 reporting. (Fig. 1). Nationally there were 457,312 registered and 152,649 reporting.

Figure 1: The Kentucky Nonprofit Sector, 2005

Tax-Exempt Organizations	KY Registered with IRS (over \$5,000 in gross receipts)	KY Reporting to IRS Annually (over \$25,000 in gross receipts)
Under 501(c) 3*	10,963	4,273
Private Foundations**	458	342
Charitable Nonprofits	10,505	3,931
Under Other 501(c) Subsections***	6,639	2,059
501(c) 4 — social welfare	1,469	341
501(c) 5 — labor/agricultural	860	447
501(c) 6 — business leagues	939	465
501(c) — other	3,371	806

*Does not include religious congregations.
 **Data from 11/2005 Business Master File data and may not match other figures in this report
 SOURCES: National Center for Charitable Statistics, Urban Institute

Figure 2: Reporting Charitable Nonprofits in Kentucky by Field, 2005



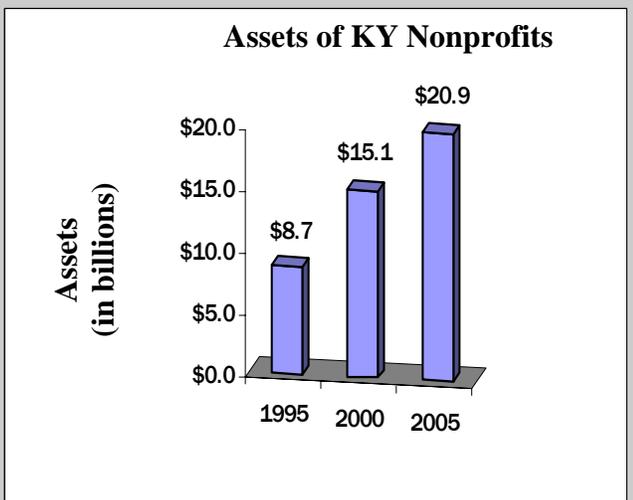
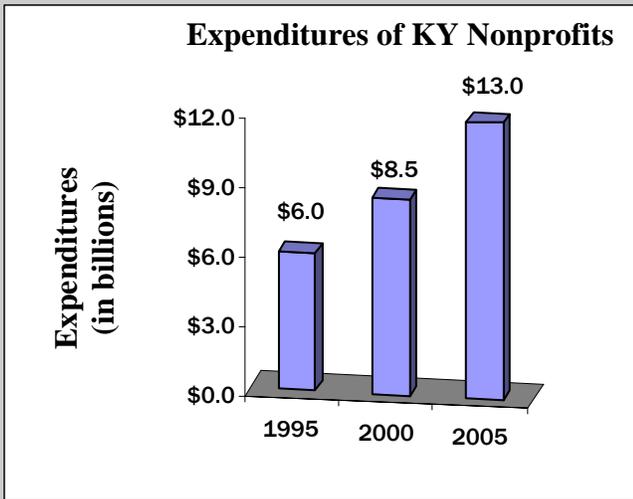
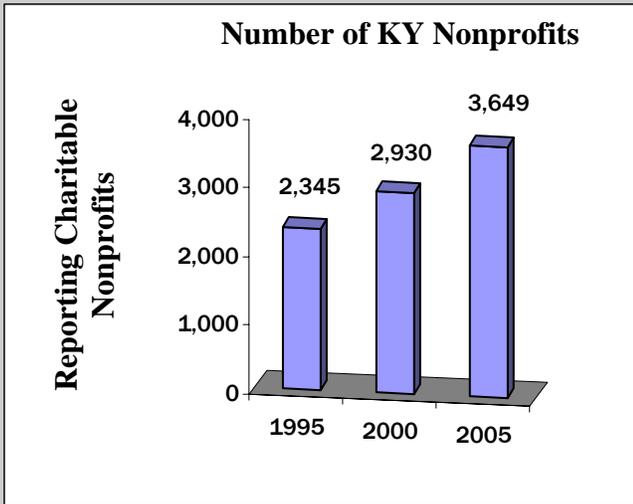
Kentucky’s nonprofit sector is very diverse and provides a broad spectrum of services to the state’s citizens.

- Human service organizations make up the largest group of reporting organizations at 39 percent (Fig.2).
- Education is the second largest group at 16 percent (Fig. 2).
- Health Care and Mental Health is the third largest at 13 percent (Fig. 2).

Source: National Center for Charitable Statistics, Urban Institute

Non-spiritual programs provided by religious/spiritual organizations - such as day care or mental health - are placed with organizations providing similar services, not with religious/spiritual organizations.

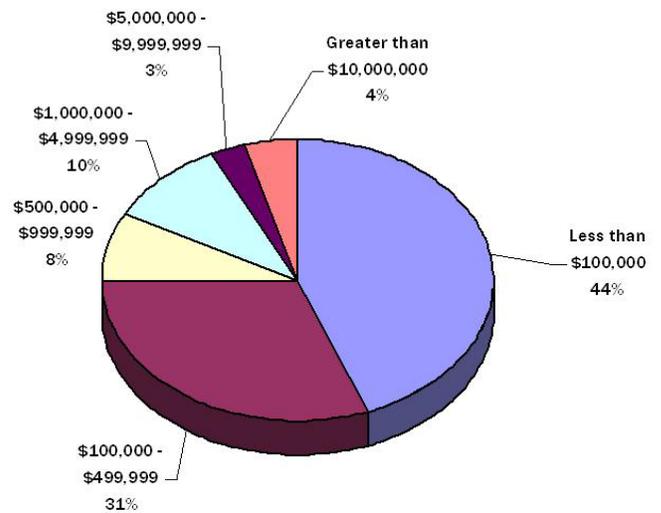
Figure 3: Reporting Charitable Nonprofits in Kentucky, 1995-2005



Source: National Center for Charitable Statistics, Urban Institute

- Between 1995 and 2005, Kentucky's Nonprofit Sector grew by 56 percent.
- Expenditures by those Kentucky nonprofit organizations required to report to the IRS in 2005 totaled \$13 billion, up 117 percent in the past ten years (Fig. 3).
- The value of assets held by the reporting nonprofits in Kentucky reached \$20.9 billion in 2005, which is a 140 percent increase from \$8.7 billion in 1995 (Fig 3).
- Expenditures by organizations nationwide required to report to the IRS in 2005 totaled \$1.87 billion.
- The value of assets held by reporting nonprofits across the nation was \$2.91 billion in 2005.

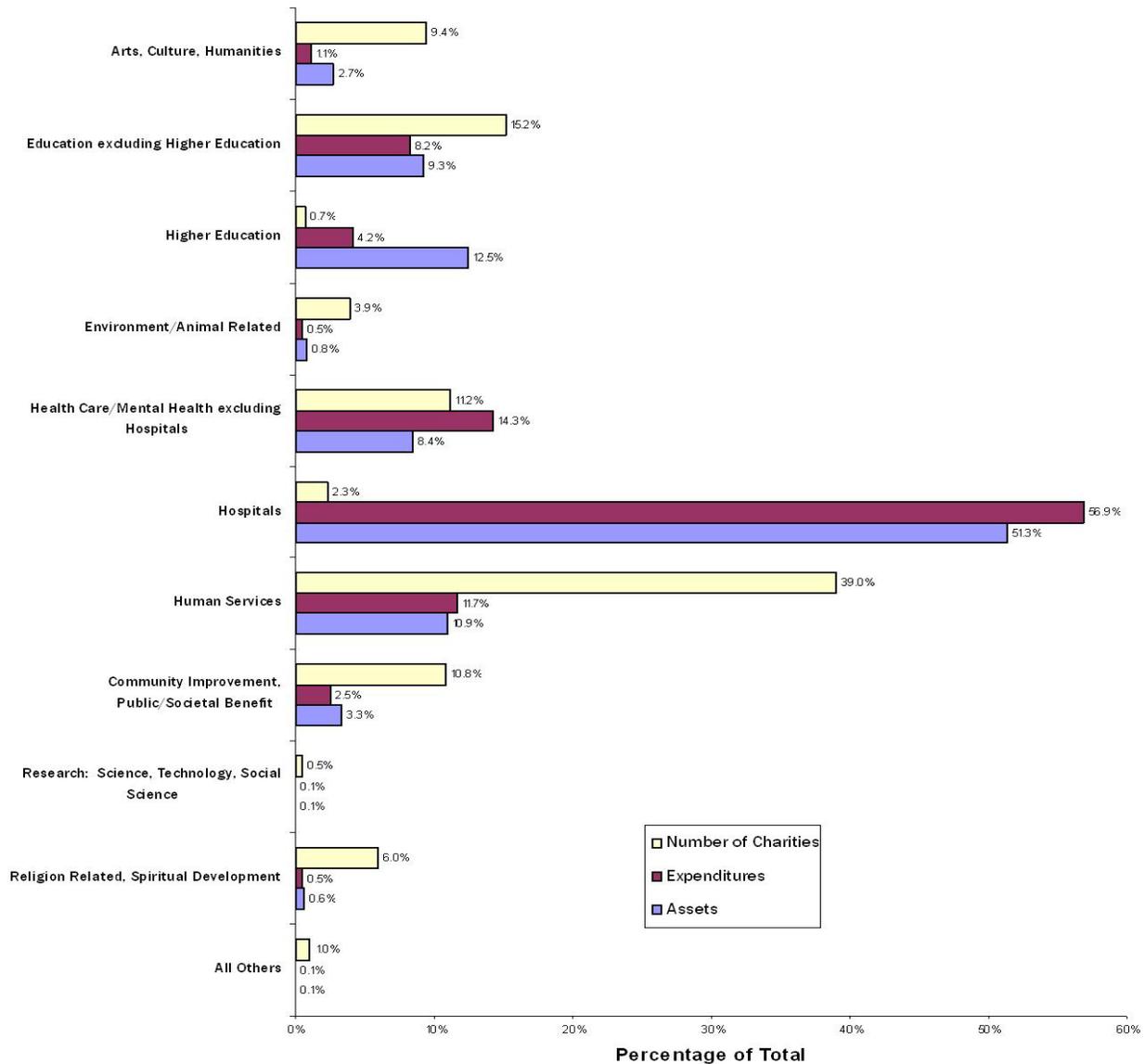
Figure 4: Reporting Charitable Nonprofits in Kentucky by Expenditure Level, 2005



Source: National Center for Charitable Statistics, Urban Institute

- In 2005, only 7 percent of reporting Kentucky nonprofits had annual expenditures greater than \$5 million. These organizations accounted for 84 percent of total assets and 90 percent of total expenditures of all reporting Kentucky nonprofit organizations (Fig. 4).
- In contrast, 83 percent had annual expenditures of less than \$1 million; 75 percent had annual expenditures of less than \$500,000 - illustrating that most nonprofits in Kentucky are small in size and local in scope (Fig. 4).

Figure 5: Number, Expenditures & Assets of Reporting Charitable Nonprofits in Kentucky by Field, 2005



Source: National Center for Charitable Statistics, Urban Institute

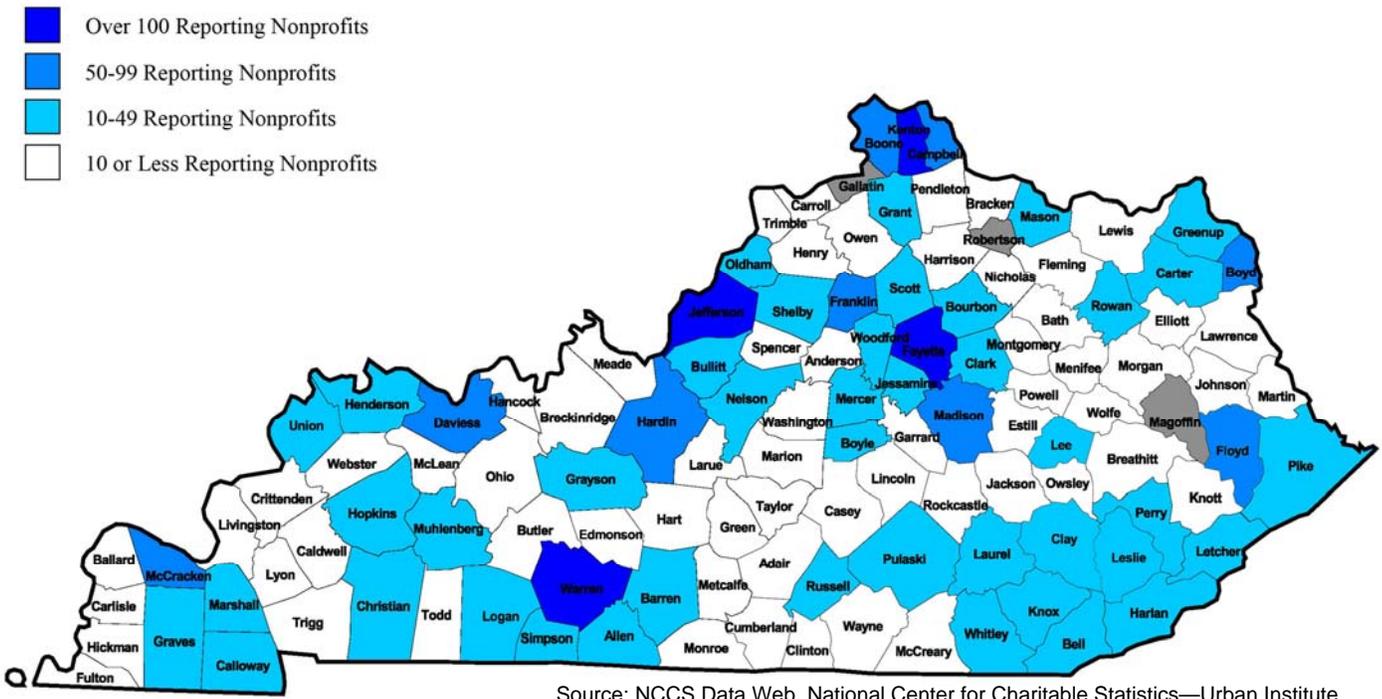
- In 2005, Kentucky nonprofit hospitals represented only 2 percent of total reporting charities, but they had more than half of the sector’s total expenditures (56.9%) and just over half the sector’s assets (51.3%) (Fig. 5).
- The expenditures of Kentucky hospitals are higher than the national rate while the assets held in Kentucky are lower than the national rate (Fig. 5).
- Human Service organizations in Kentucky represent over one third (39%) of all reporting nonprofits, but report only 11.7 percent of total expenditures and held only 10.9 percent of total assets (Fig. 5).

Figure 6: Reporting Charitable Nonprofits in Kentucky by County, 2005

County	# of Orgs	Expenditures	Assets	County	# of Orgs	Expenditures	Assets
Adair	4	\$59,085,2531	\$62,004,734	Knox	14	\$25,412,071	\$47,828,635
Allen	16	\$1,758,680	\$8,694,802	Larue	4	\$6,724,458	\$3,873,877
Anderson	7	\$1,770,213	\$2,856,509	Laurel	45	\$109,543,357	\$91,933,912
Ballard	4	\$248,530	\$1,262,299	Lawrence	3	\$322,150	\$146,637
Barren	20	\$96,571,461	\$102,571,171	Lee	11	\$3,698,854	\$5,265,167
Bath	3	\$124,648	\$1,818,562	Leslie	11	\$16,407,106	\$14,289,285
Bell	22	\$44,940,037	\$35,282,462	Letcher	24	\$26,176,641	\$31,533,369
Boone	59	\$43,510,120	\$58,594,235	Lewis	7	\$7,713,208	\$15,735,727
Bourbon	16	\$9,600,367	\$12,576,532	Lincoln	8	\$1,639,732	\$2,183,280
Boyd	67	\$523,942,529	\$673,106,502	Livingston	4	\$9,649,873	\$5,111,712
Boyle	47	\$175,210,678	\$433,121,876	Logan	14	\$1,735,177	\$8,021,119
Bracken	6	\$463,999	\$950,848	Lyon	2	\$378,113	\$725,400
Breathitt	8	\$13,752,230	\$9,953,056	McCracken	79	\$179,465,429	\$288,333,565
Breckinridge	9	\$14,492,919	\$10,480,321	McCreary	10	\$3,534,607	\$3,545,758
Bullitt	16	\$3,975,063	\$54,822,937	McLean	3	\$417,264	\$790,329
Butler	4	\$473,615	\$674,279	Madison	67	\$189,163,204	\$1,274,681,226
Caldwell	10	\$14,630,024	\$14,487,294	Marion	10	\$11,861,733	\$9,873,757
Calloway	28	\$10,400,096	\$67,913,055	Marshall	22	\$23,834,364	\$43,612,747
Campbell	75	\$269,653,754	\$319,167,965	Martin	6	\$1,115,781	\$6,762,579
Carlisle	1	\$71,011	\$155,983	Mason	21	\$19,268,141	\$32,452,006
Carroll	6	\$901,085	\$4,337,522	Meade	9	\$812,725	\$2,077,003
Carter	17	\$25,472,555	\$3,374,847	Menifee	5	\$4,088,946	\$2,288,908
Casey	5	\$2,641,762	\$3,467,646	Mercer	20	\$24,542,531	\$42,956,079
Christian	47	\$121,700,336	\$150,105,659	Metcalfe	5	\$839,668	\$2,253,059
Clark	26	\$50,062,503	\$61,028,548	Monroe	5	\$14,418,885	\$16,775,766
Clay	11	\$45,199,054	\$50,182,331	Montgomery	10	\$29,404,238	\$28,407,292
Clinton	6	\$20,277,848	\$18,289,764	Morgan	2	\$6,923,380	\$6,490,540
Crittenden	6	\$15,993,625	\$9,796,096	Muhlenberg	11	\$68,831,632	\$28,498,280
Cumberland	4	\$14,592,883	\$9,550,757	Nelson	33	\$43,862,757	\$75,791,451
Daviess	98	\$373,096,270	\$675,805,685	Nicholas	2	\$10,611,180	\$7,470,883
Edmonson	1	\$28,331	\$73,462	Ohio	7	\$23,694,132	\$20,074,341
Elliott	1	\$273,649	\$487,915	Oldham	38	\$17,925,679	\$25,283,701
Estill	5	\$8,887,502	\$11,722,471	Owen	3	\$9,811,768	\$6,518,517
Fayette	466	\$1,882,038,210	\$1,959,736,550	Owsley	5	\$4,817,962	\$5,748,793
Fleming	9	\$7,686,826	\$10,481,106	Pendleton	6	\$842,888	\$952,379
Floyd	51	\$124,593,989	\$123,676,883	Perry	38	\$91,219,524	\$57,412,502
Franklin	101	\$95,179,158	\$74,738,693	Pike	36	\$183,442,185	\$222,804,355
Fulton	4	\$730,765	\$2,268,818	Powell	4	\$684,716	\$721,717
Garrard	7	\$91,264,058	\$35,320,409	Pulaski	48	\$88,603,860	\$75,580,578
Grant	13	\$2,442,370	\$2,974,795	Rockcastle	9	\$36,240,025	\$52,752,923
Graves	41	\$23,341,266	\$51,775,024	Rowan	19	\$98,648,194	\$114,327,583
Grayson	12	\$73,491,773	\$50,724,807	Russell	14	\$20,440,278	\$21,032,878
Green	1	\$11,140,366	\$4,140,986	Scott	21	\$43,092,978	\$107,267,937
Greenup	14	\$8,154,445	\$1,613,563	Shelby	27	\$5,939,241	\$3,995,543
Hancock	3	\$321,509	\$95,759	Simpson	22	\$2,826,351	\$6,441,321
Hardin	78	\$31,337,497	\$40,038,670	Spencer	2	\$44,196	\$15,263
Harlan	17	\$11,562,614	\$23,748,261	Taylor	9	\$35,856,607	\$77,669,545
Harrison	7	\$24,882,296	\$20,032,998	Todd	7	\$9,035,656	\$7,256,528
Hart	6	\$10,720,080	\$8,561,030	Trigg	7	\$8,614,021	\$6,442,086
Henderson	48	\$139,544,617	\$161,120,567	Trimble	1	\$27,095	\$204,666
Henry	4	\$234,482	\$56,411	Union	13	\$12,705,883	\$16,147,274
Hickman	4	\$2,864,310	\$4,000,283	Warren	108	\$350,361,399	\$496,348,507
Hopkins	28	\$179,372,385	\$225,413,533	Washington	5	\$6,825,602	\$29,711,456
Jackson	5	\$8,102,122	\$6,455,565	Wayne	7	\$12,419,407	\$12,129,832
Jefferson	911	\$5,185,644,919	\$7,571,897,441	Webster	2	\$78,491	\$25,493
Jessamine	41	\$60,175,551	\$296,547,540	Whitley	29	\$139,683,367	\$191,288,980
Johnson	5	\$15,340,929	\$2,979,362	Wolfe	3	\$562,723	\$1,805,179
Kenton	114	\$975,215,904	\$3,498,454,288	Woodford	34	\$31,029,485	\$73,126,544
Knott	10	\$20,204,888	\$65,473,275	Unclassified	4	\$4,413,717	\$5,148,614
Total				3,529 11,601,752,142 16,811,419,143			

Source: National Center for Charitable Statistics, Urban Institute

Figure 7: Reporting Charitable Nonprofits by County, 2005

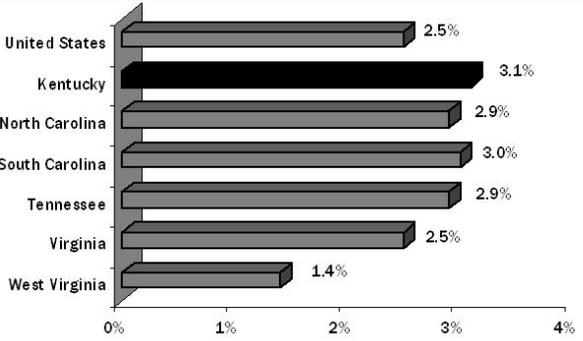


- In 2005, 117 of Kentucky's 120 counties had at least one nonprofit organization reporting to the IRS. Those counties with zero reporting organizations are highlighted in gray.
- Most of Kentucky's nonprofits are located in Jefferson and Fayette counties, which together are home to approximately 39 percent of Kentucky's reporting organizations with a total of 911 (26%) and 466 (13%) respectively (Fig. 6).
- Nonprofits in Jefferson and Fayette Counties represent 61 percent of total expenditures and 57 percent of total assets (Fig. 6).
- The Northern Kentucky area (Boone, Kenton and Campbell counties) is home to 248 reporting

Charitable Contributions in Kentucky

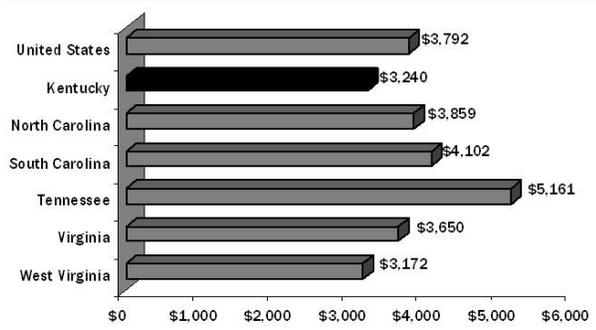
The average charitable contribution of Kentuckians itemizing deductions in 2005 was \$3,240, an increase of \$179 from 2004 (Fig. 9). This total amount is approximately \$550 less than the national average of \$3,792. However, when contributions are compared as a percentage of income, Kentucky is higher than the national average of income contributed to charitable organizations; 3.1 percent and 2.5 percent respectively (Fig. 8). The median household income in Kentucky was \$38,1694, compared to the national median of \$48,023.

Figure 8: Percent of Income Contributed by Itemizers, 2005



Source: National Center for Charitable Statistics, Urban Institute

Figure 9: Average Charitable Contribution of Itemizers in Kentucky, 2005



Source: National Center for Charitable Statistics, Urban Institute

Figure 10: Overview of Kentucky Foundations, 2005

Foundation Type	Number of Foundations	Assets	Total Giving
Independent Foundations	369	\$1,335,520,541	\$73,661,551
Corporate Foundations	23	\$90,698,620	\$18,240,735
Community Foundations	5	\$227,535,107	\$12,030,141
Operating Foundations	37	\$34,091,368	\$2,544,639
Total in Kentucky	434	\$1,687,845,636	\$106,477,066
Total in United States	71,095	\$550,552,049,000	\$36,402,633,000
Kentucky as % of U.S.	0.61%	0.31%	0.29%

- There were a total of 434 foundations operating in Kentucky in 2005, representing less than 1 percent of all foundations in the United States (Fig. 10).

Figure 11: Top 11 Kentucky Foundations by Assets, 2005

Foundation Name	Assets	Foundation Type
James Graham Brown Foundation, Inc.	\$407,526,012	Independent
The Community Foundation of Louisville, Inc.	\$182,778,225	Community
The Gheens Foundation, Inc.	\$80,509,156	Independent
The Humana Foundation, Inc.	\$58,772,340	Corporate
The C.E. and S. Foundation, Inc.	\$46,927,569	Independent
Fischer Family Foundation	\$45,940,898	Independent
W.L. Lyons Brown Foundation	\$41,491,173	Independent
Mildred V. Horn Foundation	\$32,413,575	Independent
Blue Grass Community Foundation, Inc.	\$26,221,968	Community
The Claude and Betty Harris Foundation, Inc.	\$23,718,933	Independent
Total	\$946,299,849	

- Nationally, there were 71,095 foundations in 2005, holding over \$550 billion in assets with a combined giving total of \$36 billion (Fig.10).

- In 2005, Kentucky's foundations held assets of over \$1.5 billion and giving totaled over \$106 million (Fig.10).

- The ten largest foundations had over \$946 million in assets, which was roughly 56 percent of the total for all Kentucky foundations (Fig. 11).

Figure 12: Top 10 Kentucky Foundations by Total Giving, 2005

Foundation Name	Total Giving	Foundation Type
James Graham Brown Foundation, Inc.	\$18,738,169	Independent
The Community Foundation of Louisville, Inc.	\$8,952,116	Community
The Humana Foundation, Inc.	\$6,760,041	Corporate
Yum! Brands Foundation	\$4,599,466	Corporate
The Gheens Foundation, Inc.	\$3,377,198	Independent
The C.E. and S. Foundation, Inc.	\$2,197,566	Independent
E. ON U.S. Foundation	\$2,158,289	Corporate
Gordon Ford Foundation, Inc.	\$2,131,625	Independent
W.T. Young Family Foundation, Inc.	\$2,149,430	Independent
Fischer Family Foundation	\$2,006,005	Independent
Total	\$53,049,905	

- The ten largest foundations by total giving levels gave over \$53 million or approximately 50 percent of total giving by Kentucky foundations (Fig. 12).

Source: The Foundation Center

The Foundation Center describes foundations as:

- Independent foundations are grant-making organizations.
- Corporate foundations are independent grant makers with ties to corporate benefactors.
- Community foundations pool donations and make grants, usually in a specific community.
- Operating foundations conduct research, provide direct service and make few grants.

MORE THAN CHARITY:

The Kentucky Nonprofit Sector

Report Highlights

- Kentucky's nonprofit sector grew at a rate of 56 percent over the past ten years.
- In 2005, the sector contributed more than \$13 billion to Kentucky's economy, which is nearly 10 percent of the gross state product.
- In 2005, the average charitable contribution of Kentuckians itemizing deductions was \$3,250, or 3.1 percent of income. The national average of income contributed is 2.5 percent.
- Human services organizations make up the largest portion of Kentucky's reporting charitable nonprofits at 39 percent.
- Jefferson & Fayette counties are home to approximately 39 percent of Kentucky's reporting organizations, with a total of 911 and 466 nonprofits respectively.



UNIVERSITY OF KENTUCKY

Nonprofit Leadership Initiative

The Nonprofit Leadership Initiative's mission is to serve, support and strengthen the nonprofit sector in our Commonwealth. The Initiative provides quality programs and services that encourage nonprofit collaboration, effectiveness, accountability and innovation to strengthen our communities. Through educational opportunities, consulting services, our Nonprofit Network membership program and research activities, the Nonprofit Leadership Initiative partners with organizations across the Commonwealth to build a stronger nonprofit sector.

The Initiative is an outreach program of the University of Kentucky College of Agriculture and is affiliated with the College's Department of Community and Leadership Development and the Center for Leadership Development.

Join us in building this foundation of excellence. Please visit www.kynonprofits.org to learn more.

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Neal Vaughan, Community Volunteer
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For more information, see:

National Center for Charitable Statistics at the Urban Institute (<http://www.nccs.urban.org>); Foundation Center (<http://fdncenter.org>); National Council of Nonprofit Associations (<http://ncna.org>); UK Nonprofit Leadership Initiative (www.kynonprofits.org)