



The Kentucky Nonprofit Sector 2010

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 51 percent over the past ten years.
- In 2007, the sector contributed more than \$17.4 billion in expenditures, roughly 10 percent of Kentucky's gross domestic product.
- In 2007, the average charitable contribution of Kentuckians was \$887 or 2.1 percent of adjusted gross income. The national rate was \$1237 or 2.2 percent of adjusted gross income.

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 more than 6,000 organizations not currently required to file with the IRS, including booster clubs, local PTAs, little leagues, rescue squads and numerous other grassroots organizations that are active in our communities, but 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 Nonprofits 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, 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.
- Internal Revenue Service 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 are collected and analyzed to provide a more precise picture of the nonprofit sector.



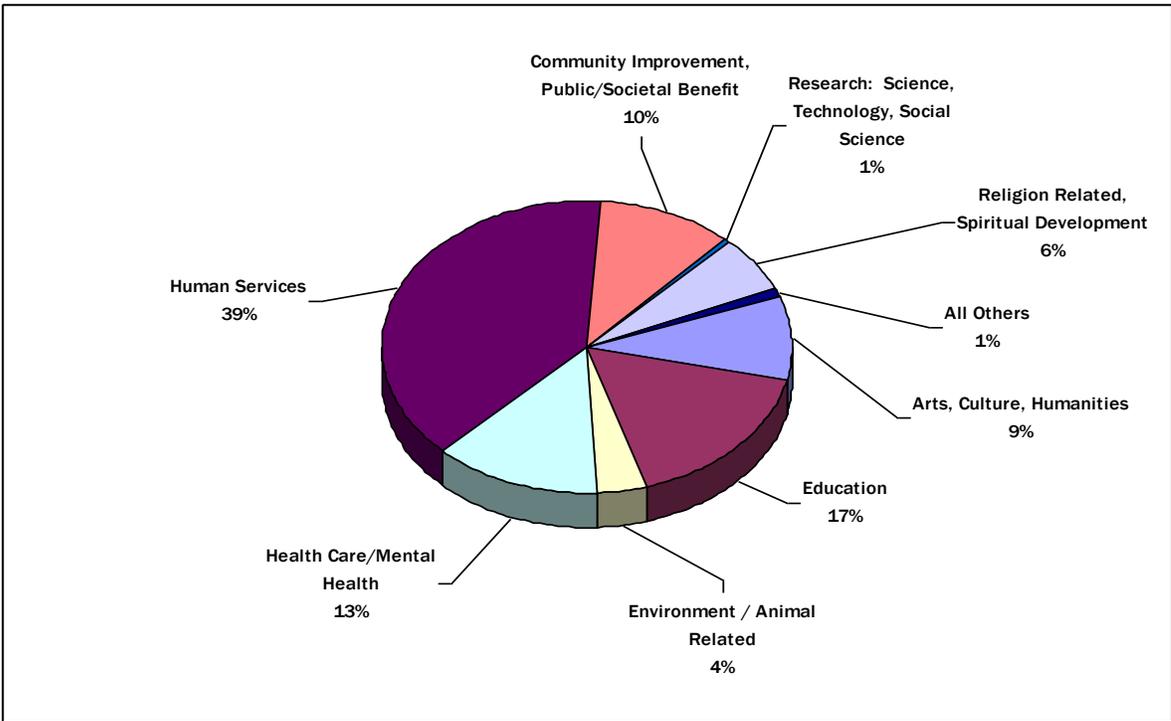
- In 2009, there were 12,995 nonprofits in Kentucky registered with the IRS and 6,901 nonprofits reporting to the IRS (Fig. 1).
- Nationally in 2009, there were 974,337 nonprofit organizations registered with the IRS and 483,779 reporting to the IRS.
- In Kentucky in 2009, there were 6,425 registered nonprofits under other 501 (c) subsections and 3,459 reporting. (Fig. 1). Nationally there were 446,457 registered.

Figure 1: The Kentucky Nonprofit Sector, 2009

Tax-Exempt Organizations	KY Registered with IRS (over \$5,000 in gross receipts)	KY Filing Annual IRS Report (includes 990, 990EZ, and 990N)
Under 501(c) 3*	12,995	6,901
Private Foundations	485	422
Charitable Nonprofits	12,506	6,479
Under Other 501(c) Subsections	6,425	3,459
501(c) 4 — social welfare	1,399	642
501(c) 5 — labor/agricultural	815	573
501(c) 6 — business leagues	962	665
501(c) — other	3,249	1,579

*Does not include religious congregations.
 Data from 10/2009 Business Master File data and may not match other figures
 SOURCES: National Center for Charitable Statistics, Urban Institute

Figure 2: Reporting Charitable Nonprofits in Kentucky by Field, 2009



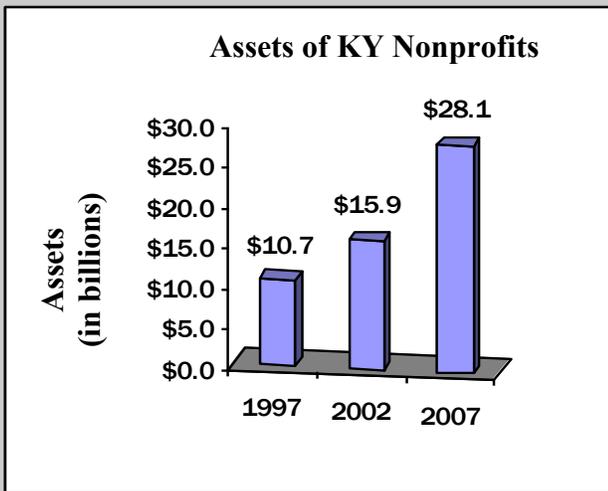
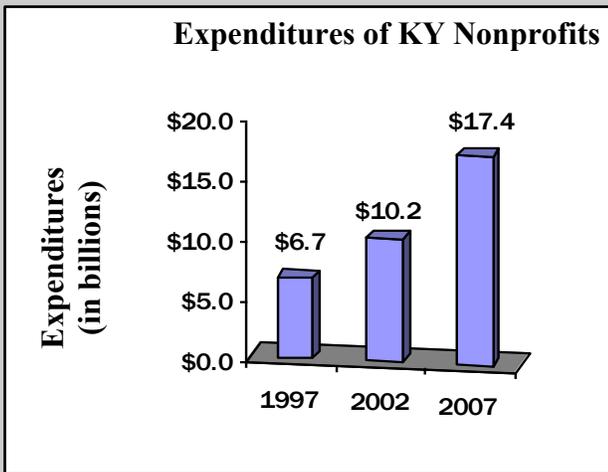
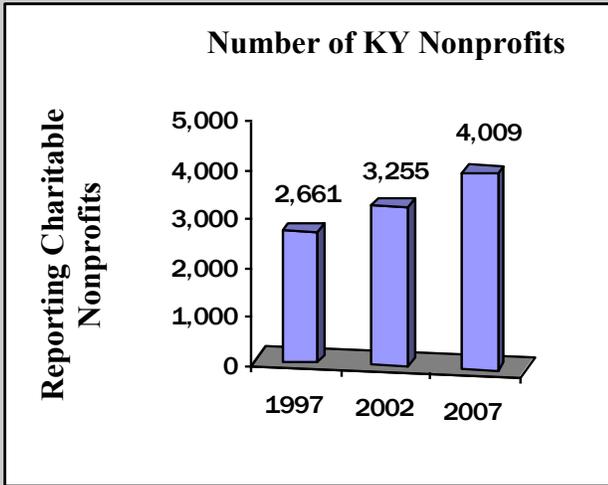
Kentucky's nonprofit sector is very diverse and provides a broad spectrum of services to the state's citizens.

- Human service organizations make up the largest group of reporting organizations at 39 percent (Fig.2).
- Education is the second largest group at 17 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.

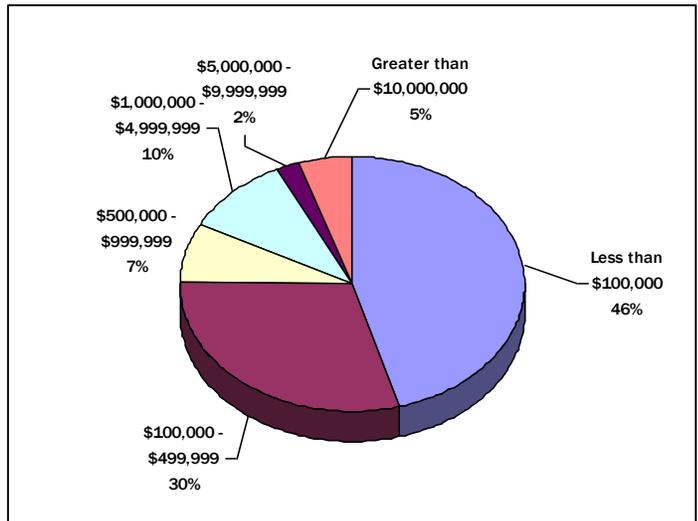
Figure 3: Reporting Charitable Nonprofits in Kentucky, 1997-2007



Source: National Center for Charitable Statistics, Urban Institute

- Between 1997 and 2007, Kentucky's nonprofit sector grew by 51 percent.
- Expenditures by those Kentucky nonprofit organizations required to report to the IRS in 2007 totaled \$17.4 billion. (Fig. 3).
- The value of assets held by the reporting nonprofits in Kentucky reached \$28.1 billion in 2007 which is a 163 percent increase from \$10.7 billion in 1997 (Fig 3).
- **Expenditures by organizations nationwide required to report to the IRS in 2007 totaled nearly \$1.5 trillion.**
- **The value of assets held by reporting nonprofits across the nation was nearly \$2.6 trillion in 2007.**

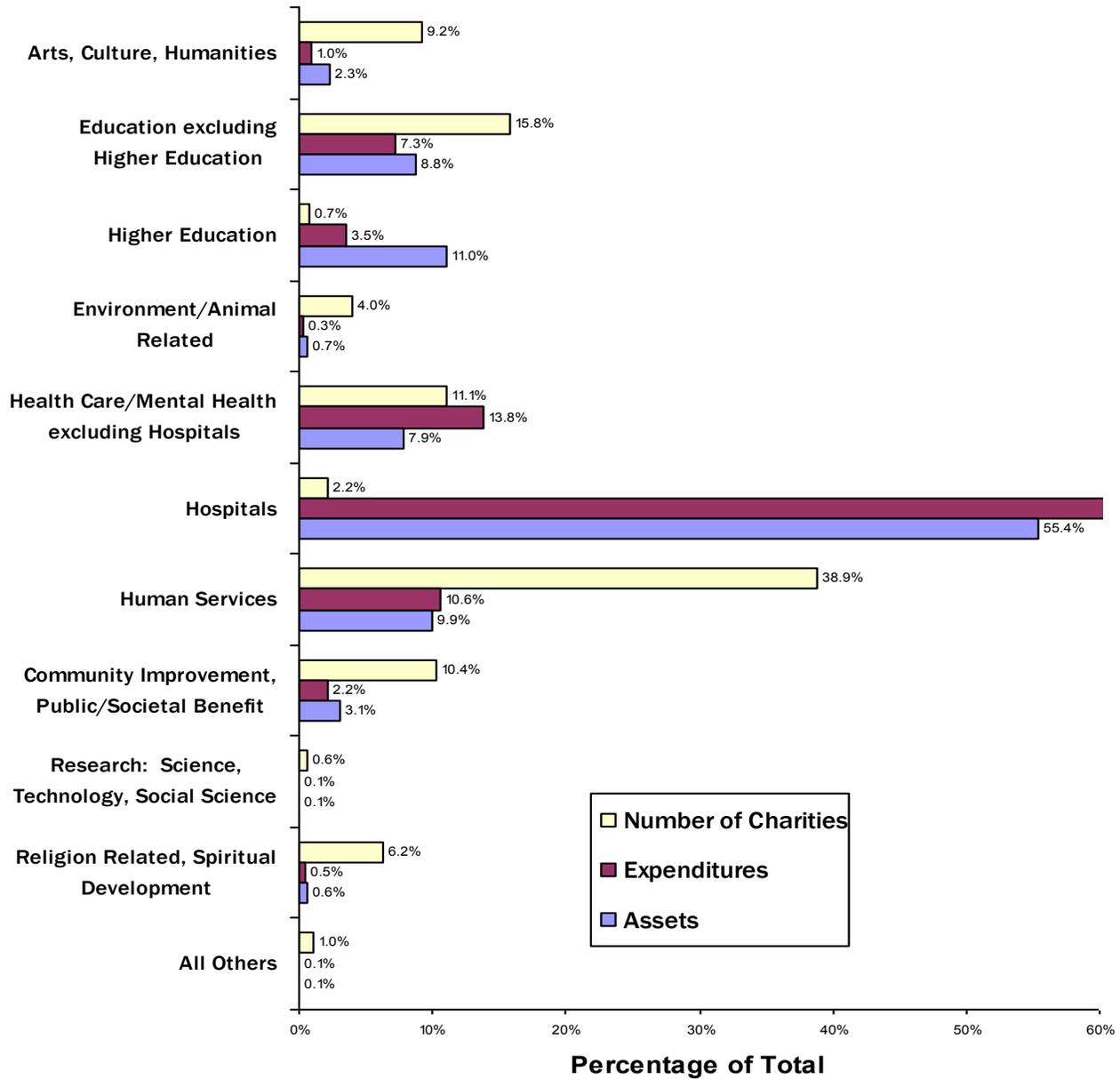
Figure 4: Reporting Charitable Nonprofits in Kentucky by Expenditure Level, 2007



Source: National Center for Charitable Statistics, Urban Institute

- In 2007, 7 percent of reporting Kentucky nonprofits had annual expenditures greater than \$5 million. These organizations accounted for 84 percent of total assets and 92 percent of total expenditures of all reporting Kentucky nonprofit organizations (Fig. 4).
- In contrast, 83 percent had annual expenditures of less than \$1 million; 76 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).
- Not reflected in the chart are the more than 6,000 small charitable nonprofits registered with the IRS not required to file. This group includes organizations such as youth sports leagues and rescue squads.

Figure 5: Number, Expenditures & Assets of Reporting Charitable Nonprofits in Kentucky by Field, 2007



Source: National Center for Charitable Statistics, Urban Institute

- In 2007, Kentucky nonprofit hospitals represented only 2.2 percent of total reporting charities, but they had more than half of the sector’s total expenditures (60.7%) and just more than half of the sector’s assets (55.4%) (Fig. 5).
- Human Service organizations in Kentucky represent over one third (38.9%) of all reporting nonprofits, but report only 10.6 percent of total expenditures and held only 9.9 percent of total assets (Fig. 5)

Figure 6: Reporting Charitable Nonprofits in Kentucky by County, 2007

County	# of Orgs	Expenditures	Assets	County	# of Orgs	Expenditures	Assets
Adair	5	\$62,753,611	\$74,788,092	Knox	15	\$21,166,267	\$70,668,395
Allen	17	\$2,861,912	\$48,710,844	Larue	4	\$29,854,309	\$58,930,696
Anderson	10	\$1,903,905	\$4,084,911	Laurel	46	\$7,434,468	\$4,075,575
Ballard	4	\$301,360	\$1,287,791	Lawrence	4	\$132,387,287	\$111,864,175
Barren	18	\$107,338,525	\$108,600,692	Lee	12	\$762,875	\$235,582
Bath	4	\$279,873	\$8,619,356	Leslie	6	\$4,376,037	\$5,874,949
Bell	21	\$41,551,428	\$37,432,923	Letcher	24	\$525,242	\$882,721
Boone	60	\$44,499,336	\$56,550,054	Lewis	5	\$28,829,068	\$28,874,496
Bourbon	17	\$9,274,736	\$10,400,786	Lincoln	8	\$12,143,767	\$20,874,483
Boyd	68	\$622,511,159	\$802,782,985	Livingston	6	\$1,851,342	\$2,760,503
Boyle	48	\$195,448,696	\$601,530,374	Logan	15	\$14,061,739	\$6,971,640
Bracken	6	\$522,006	\$651,305	Lyon	2	\$2,107,826	\$6,575,716
Breathitt	8	\$34,955,276	\$23,824,454	McCracken	82	\$329,098	\$627,817
Breckinridge	12	\$16,318,072	\$13,386,499	McCreary	12	\$217,367,513	\$303,238,951
Bullitt	23	\$24,435,667	\$100,867,104	McLean	5	\$2,737,931	\$4,760,054
Butler	4	\$545,939	\$757,410	Madison	70	\$524,419	\$732,458
Caldwell	9	\$16,145,755	\$12,487,876	Magoffin	4	\$204,622,837	\$1,586,355,425
Calloway	26	\$7,153,411	\$76,431,609	Marion	9	\$125,301	\$191,549
Campbell	74	\$296,769,710	\$390,233,816	Marshall	22	\$12,706,382	\$9,878,200
Carlisle	1	\$73,612	\$94,328	Martin	6	\$27,826,722	\$32,101,615
Carroll	6	\$788,445	\$4,994,485	Mason	20	\$1,074,515	\$6,987,286
Carter	18	\$27,497,150	\$34,293,167	Meade	11	\$22,553,368	\$37,766,398
Casey	7	\$12,791,455	\$11,974,684	Menifee	4	\$949,816	\$2,531,524
Christian	52	\$141,119,310	\$206,317,575	Mercer	25	\$4,135,631	\$3,197,256
Clark	26	\$61,267,252	\$81,525,814	Metcalfe	5	\$29,083,038	\$45,143,192
Clay	12	\$56,787,634	\$50,402,126	Monroe	5	\$991,426	\$3,055,738
Clinton	7	\$17,167,932	\$33,934,750	Montgomery	13	\$16,345,395	\$18,410,597
Crittenden	5	\$15,255,745	\$11,076,753	Morgan	3	\$35,089,425	\$28,612,101
Cumberland	4	\$15,592,203	\$10,583,010	Muhlenberg	11	\$6,791,438	\$7,633,560
Daviess	102	\$447,568,101	\$789,030,574	Nelson	38	\$88,780,620	\$30,457,914
Edmonson	1	\$145,111	\$12,549	Nicholas	4	\$57,851,792	\$92,907,565
Elliott	1	\$236,343	\$492,555	Ohio	8	\$10,323,652	\$7,490,723
Estill	6	\$11,374,214	\$12,358,464	Oldham	42	\$22,755,469	\$18,347,495
Fayette	484	\$2,265,887,447	\$2,385,485,678	Owen	3	\$19,093,900	\$25,325,514
Fleming	10	\$7,447,466	\$7,752,630	Owsley	8	\$10,964,721	\$5,941,880
Floyd	51	\$133,349,701	\$135,356,337	Pendleton	7	\$5,820,377	\$8,457,736
Franklin	103	\$109,559,468	\$89,119,456	Perry	37	\$824,810	\$787,238
Fulton	5	\$1,002,469	\$2,233,392	Pike	31	\$79,089,387	\$53,668,204
Garrard	6	\$50,628	\$206,802	Powell	3	\$203,243,129	\$243,648,102
Grant	12	\$143,397,129	\$25,841,428	Pulaski	56	\$277,050	\$110,636
Graves	39	\$2,460,936	\$3,691,391	Rockcastle	9	\$83,296,413	\$110,584,468
Grayson	12	\$25,907,866	\$63,057,529	Rowan	23	\$49,060,024	\$59,186,741
Green	3	\$95,760,940	\$62,058,424	Russell	14	\$125,023,878	\$132,826,853
Greenup	15	\$29,854,444	\$12,387,372	Scott	24	\$32,176,081	\$29,329,786
Hancock	3	\$6,809,915	\$4,155,347	Shelby	28	\$51,447,041	\$114,196,817
Hardin	82	\$608,135	\$264,264	Simpson	23	\$7,355,721	\$10,889,701
Harlan	20	\$38,624,143	\$40,938,228	Spencer	2	\$3,289,788	\$8,658,802
Harrison	7	\$10,893,007	\$26,145,817	Taylor	10	\$36,382	\$126,326
Hart	7	\$29,776,430	\$38,962,181	Todd	8	\$38,973,826	\$79,554,421
Henderson	47	\$12,816,513	\$9,795,603	Trigg	7	\$2,342,894	\$1,987,575
Henry	6	\$150,218,323	\$209,100,361	Trimble	1	\$10,321,565	\$8,226,540
Hickman	4	\$550,022	\$227,599	Union	14	\$14,762,727	\$19,570,042
Hopkins	31	\$3,177,254	\$4,767,074	Warren	114	\$389,25,693	\$580,589,521
Jackson	6	\$206,783,175	\$273,241,913	Washington	6	\$8,901,611	\$30,059,236
Jefferson	937	\$10,099,953	\$7,830,510	Wayne	8	\$13,881,367	\$9,968,876
Jessamine	41	\$6,243,720,861	\$9,446,164,107	Webster	4	\$228,097	\$318,794
Johnson	7	\$64,495,314	\$329,134,856	Whitley	28	\$139,324,544	\$188,181,264
Kenton	125	\$16,919,246	\$3,105,726	Wolfe	3	\$443,304	\$2,252,575
Knott	9	\$3,105,382,027	\$6,893,298,429	Woodford	39	\$34,850,395	\$83,791,295
Total				3,810 \$17,351,499,436 \$28,062,137,761			

Source: National Center for Charitable Statistics, Urban Institute

Figure 10: Overview of Kentucky Foundations, 2007

Foundation Type	Number of Foundations	Assets	Total Giving
Independent Foundations	415	\$1,648,028,398	\$94,236,023
Corporate Foundations	23	\$123,284,095	\$15,894,562
Community Foundations	5	\$265,544,707	\$15,917,945
Operating Foundations	48	\$78,311,369	\$3,166,440
Total in Kentucky	491	2,115,168,569	129,218,970
Total in United States	75,187	\$682,222,319,000	\$44,393,526,000
Kentucky as % of U.S.	0.65%	0.31%	0.29%

- There were a total of 491 foundations operating in Kentucky in 2007, representing less than 1 percent (0.65%) of all foundations in the United States (Fig. 10).

Figure 11: Top 10 Kentucky Foundations by Assets, 2007

Foundation Name	Assets	Foundation Type
James Graham Brown Foundation, Inc.	\$454,210,728	Independent
The Community Foundation of Louisville, Inc.	\$199,880,620	Community
The Gheens Foundation, Inc.	\$94,805,808	Independent
The Humana Foundation Inc.	\$83,438,493	Corporate
The C.E. and S. Foundation, Inc.	\$70,972,605	Independent
Ray and Kay Eckstein Charitable Trust	\$65,033,220	Independent
The Spray Foundation, Inc.	\$55,461,763	Independent
Fischer Family Foundation	\$53,317,003	Independent
W.L. Lyons Brown Foundation	\$42,745,137	Independent
Bluegrass Community Foundation, Inc.	\$41,098,129	Community
Total	\$1,160,963,506	

- Nationally, there were 75,187 foundations in 2007, holding over \$682 billion in assets with a combined giving total of \$44 billion (Fig. 10).
- In 2007, Kentucky's foundations held assets of over \$2.1 billion and giving totaled nearly \$130 million (Fig. 10).
- The ten largest foundations had \$1,160,963,506 in assets. (Fig. 11).

Figure 12: Top 10 Kentucky Foundations by Total Giving, 2007

Foundation Name	Total Giving	Foundation Type
James Graham Brown Foundation, Inc.	\$20,002,524	Independent
The Community Foundation of Louisville, Inc.	\$12,737,214	Community
The Humana Foundation, Inc.	\$5,778,900	Corporate
Yum! Brands Foundation	\$5,658,433	Corporate
W.T. Young Family Foundation, Inc.	\$5,272,633	Independent
The C.E. and S. Foundation, Inc.	\$4,386,820	Independent
The Gheens Foundation, Inc.	\$3,816,096	Independent
Rowland Foundation, Inc.	\$3,007,800	Independent
The Spray Foundation, Inc.	\$2,600,000	Independent
Fischer Family Foundation	\$2,372,675	Independent
Total	\$65,633,095	

- The ten largest foundations by total giving levels gave over \$65.5 million or approximately 51 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 2010

Report Highlights

- There were 4,009 reporting charitable nonprofits in Kentucky in 2007. Up from 3,255 in 2002 and 2,661 in 1991.
- In 2007, the 491 foundations in Kentucky held over \$2.1 billion in assets and gave over \$129 million in grants.
- In 2007, the average charitable deduction for itemizing taxpayers in Kentucky was \$887 which is about 2.1% of Kentuckian's income.
- Human services organizations make up the largest portion of Kentucky's reporting charitable nonprofits at 39 percent in 2007.
- Jefferson & Fayette counties are home to approximately 39% of Kentucky's reporting organizations with a total of 937 and 484 respectively.



UNIVERSITY OF KENTUCKY

Nonprofit Leadership Initiative

The Nonprofit Leadership Initiative serves, supports and strengthens 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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Staff:

Danielle Clore, Director
Lynda Mae Wilson, Membership & Events Coordinator

Nonprofit Leadership Initiative
University of Kentucky
300 Garrigus Building
Lexington, KY 40546-0215
859.257.2542
www.kynonprofits.org
emailus@kynonprofits.org

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 Nonprofits (www.ncna.org); UK Nonprofit Leadership Initiative (www.kynonprofits.org)