A Bridge to Sustainability & Recovery for Nonprofits

• Investment in JOBS – KY’s 3rd Largest Industry, Employing 10% of the State’s Workforce

• Strengthens KY’s Communities & Quality of Life, Including Services for the Most Vulnerable

• Supports More Kentuckians Returning to Work
A Bridge to Sustainability & Recovery for Nonprofits

1. Address Nonprofit Workforce Crisis

2. Establish Nonprofit Sustainability & Recovery Fund

3. Enhance Tax Incentives to Increase Charitable Giving
Establish Nonprofit Sustainability & Recovery Fund

• $150 million fund from American Rescue Plan Act – 6% of Kentucky’s funds – allocated to a grant program for charitable nonprofits

• Grants of $25,000 - $750,000 available

• Eligibility as provided for by ARPA:
  • Experienced a loss of income caused by broad-based economic damage wrought by the pandemic, or
  • Incurred or will incur expenses in direct response to the coronavirus public health emergency
Charitable donations are essential sources of revenue for a large number of nonprofits – some relying on donations as 100% of their revenue.

Charitable donations also serve as an important driver and measurement of community engagement – people who donate to charity are more likely to volunteer and engage in advocacy and community issues.

Charitable giving tax incentives encourage more and larger gifts to charity.
Enhance Tax Incentives to Increase Charitable Giving

KENTUCKY NONPROFITS HIT HARD BY THE TAX CUTS & JOBS ACT OF 2017:

• As a result of doubling the standard deduction via the Tax Cuts and Jobs Act of 2017, the number of Kentuckians itemizing their tax deductions decreased from 513,000 Kentuckians in 2017 to only 122,140 in 2019 - a 76% decrease in the number of Kentuckians itemizing their deductions.
  • Good for simplification of tax filing
  • Not so good for incentivizing charitable giving/investments in nonprofits and communities

• Kentucky had the third greatest decline in charitable giving in the nation – behind Wisconsin & Iowa.

• Contributions in Kentucky dropped by 44% – the second largest drop in the nation, behind only West Virginia.
Enhance Tax Incentives to Increase Charitable Giving

GIVING REPORTED BY KENTUCKIANS 2011-2019
(Adjusted for Inflation)

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Donors (Left Axis)</th>
<th>Total Contributions (Right Axis)</th>
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<tr>
<td>11</td>
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<td>18</td>
<td>$1,500</td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>$1,000</td>
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</tr>
</tbody>
</table>

Source: KENTUCKY NONPROFIT NETWORK
CHARITABLE GIVING TRENDS = TROUBLE FOR KY NONPROFITS

• While some data show the total dollar amount of charitable giving has increased over time, the number of donors has consistently decreased.

• The average annual gift to charity has increased, but this is skewed by “megagifts” made by itemizers to hospitals, colleges/universities, etc.

• The majority of charitable nonprofits are smaller, with annual budgets of less than $500,000 – they rely on the generosity of $25, $50, $100, $500 donors.

• Data from two of Kentucky's online giving events, Kentucky Gives Day and Give for Good Louisville, mirror state and national giving trends of a decreased number of donors.
3. Enhance Tax Incentives to Increase Charitable Giving

IN KENTUCKY (2019)

$1.3 billion total charitable giving
- a 44% decrease from 2017
- a 75% drop in reporting donors
INCENTIVIZING CHARITABLE GIVING IS GOOD FOR KENTUCKY:

• Kentucky is a state of modest wealth, and the pool of folks with considerable wealth is small. But within that pool, 84% who itemize their deductions also claim a charitable giving tax deduction. There is an active and generous culture of giving - let's incentivize these investments in KY!

• Kentucky households with lower adjusted gross incomes (AGI) donate a larger percentage of their income to charity than their higher AGI neighbors - let's incentive giving by all Kentuckians who are able!

• The commonwealth has an opportunity to encourage growth in charitable giving that benefit Kentuckians and communities - let's make charitable giving tax incentivizes more fair and accessible for all Kentuckians to invest in the work of charitable nonprofits!
Enhance Tax Incentives to Increase Charitable Giving

THE OPPORTUNITY:

An above-the line charitable giving tax incentive or tax credit will encourage private philanthropic dollars to invest in:

- Kentuckians and Kentucky communities
- quality of life that attracts and retains businesses
- and services that ensure active workforce participation
A Bridge to Sustainability & Recovery for Nonprofits

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A strong nonprofit sector is essential to a full economic recovery in Kentucky.
ACTION STEPS

1. Call/Email Legislators

800-372-7181

Please support a bridge to sustainability and recovery for our organization and nonprofits across Kentucky by establishing a $150 million Nonprofit Sustainability & Recovery Fund with ARPA funds and enhancing charitable giving tax incentives to encourage more and larger gifts to Kentucky charities.
2. Share this message with at least 5 other colleagues and ask them to do the same.

3. Forward this message to board members and ask them to do the same.

4. Amplify this message on social media

5. Stay tuned for additional guidance as discussions continue in Frankfort.
NEW More Than Charity Report

- 151,308 jobs at nonprofits
- $8.5 billion in annual wages
- $26 billion in expenditures benefiting KY's economy

A Major Employer
- 3,895 registered 501(c)(3) KY nonprofits with paid employees
- 1 in 10 private sector KY jobs are at nonprofits

Small But Mighty
- 74% of nonprofits have annual budgets of less than $500,000
- 82% of nonprofits have annual budgets of less than $1 million
Year-End Report on the Health of KY's Nonprofit Sector

**Increased Demand for Services Means Increased Costs**
- **71%** of responding nonprofits are currently seeing an increased need for services and/or an increase in clients.
- **48,385** Additional Kentuckians currently in need of services due to COVID-19.
- **$15 million** Total increased expenses to date due to COVID-19.

Over 17% of these organizations are NOT confident that they can meet the increased demand. Some of their greatest concerns are decreases in FUNDING, STAFFING, and VOLUNTEERS.

**Decreased Revenue Means Fewer Kentuckians Served**
- **$61 million** Total lost revenue to date due to COVID-19 (average 28% of total pre-pandemic annual revenue for those affected).
- **42%** of responding nonprofits have had to reduce services offered and/or the number of clients served.

**Financial Pressures, Uncertainty Threaten Operations**

Top 3 reported causes of financial challenges:
- Costs related to pandemic guidelines, including PPE supplies - 67%
- Canceled fundraising events and associated costs - 51%
- Reduction in individual gifts/donations - 31%
Nonprofit Pandemic and Workforce Shortage Relief

Generating Resources to Meet the Needs of Relief and Recovery
Nonprofits are calling on Congress and the Administration to restore and expand the universal charitable (non-itemizer) deduction, and extend the 100% AGI cap on individual donations and the 25% income tax cap on corporate donations through the end of the year.

Addressing Critical Staffing Shortages
Solutions include extending and improving the Employee Retention Tax Credit, investing significantly in high-quality, affordable, and available child care options, enacting the WORK NOW Act nonprofit grants and jobs program, and making essential reforms to the Public Service Loan Forgiveness program to make it more accessible for nonprofit employees.

Promoting the Return of Volunteers
Nonprofits are seeking capacity building grants to assist in volunteer generation and management and relief for volunteer drivers.
Take Action

1. Pandemic and Workforce Shortage Relief for Charitable Nonprofits Letter
   - Read the Letter
   - Sign onto the Letter
   - Share the Letter with your networks and encourage colleague organizations to sign on as well.

2. Contact your Representative and Senators
   - Email your two Senators and Representative, sending them the new Nonprofit Community Letter.
   - Tweet your Senators and Representative
YOU ASKED AND WE LISTENED!

KNN is partnering with Associations TRENDS to help Kentucky nonprofits better understand how to best compensate their employees.
2022 Kentucky Nonprofit Compensation Survey

WHY IS THIS IMPORTANT?

1) Fair and equitable pay is important for the health and wellbeing of the sector and our communities.

2) Many nonprofits are struggling to recruit, hire, and retain employees. This survey will help shed light on current compensation trends and provide info to help KY nonprofits be competitive employers of choice.

3) The data from this report will help educate funders on fair and competitive compensation for positions, especially positions that your organization is not currently being reimbursed for in full.

4) Nonprofits are asked about compensation policies on their annual tax Form 990. Setting fair and competitive executive compensation levels is an important board function.
Participation is free and open to any nonprofit.
KNN members who complete the survey receive a FREE KY-specific final report.
Discounted KY-specific reports are available for KNN members who do not complete the survey and potential KNN members competing the survey. (Full report price is $150; discounted price is $75)
*Note that a minimum of 100 survey responses is required to generate a KY-specific report, so it’s important that we hear from YOUR NONPROFIT! All survey respondents can access the national report at a 50% discount.

If your organization is not yet a KNN member, join today and participate in the survey to receive a free copy of the Kentucky report.
2022 Kentucky Nonprofit Compensation Survey

DATES:

- The survey will close on April 1, 2022.
- The report (available with 100+ responses) will be available in May 2022.
2022 Kentucky Nonprofit Compensation Survey

WE NEED TO HEAR FROM YOU!

To participate, go to
KY GIVES DAY ~ #KYGIVES22 ~ TUESDAY, MAY 10

WHEN AND WHAT IS KY GIVES DAY?

TUESDAY, MAY 10

- #KYGives22 is an opportunity for Kentuckians (near and far) to come together to make donations to Kentucky charities in an effort to raise as much money as possible in 24 hours. Supporters will search for participating nonprofits on a single website, and simply click to donate.

- #KYGives22 is an initiative of KNN. In nine years, the event has raised over $3.5 million through 27,000 donations in partnership with over 1,000 nonprofits.

- This year, KY Gives Day celebrates ten years of bringing Kentuckians together for a powerful day of giving!
KY GIVES DAY ~ #KYGIVES22 ~ TUESDAY, MAY 10

HOW CAN MY NONPROFIT PARTICIPATE?

• Registration is open to any 501(c)(3) nonprofit operating in Kentucky and is FREE to current members of Kentucky Nonprofit Network (membership must be up-to-date on 5/10/2022).

• If you are not a yet a member of KNN, we encourage you to join at www.kynonprofits.org/join. If you have any questions about becoming a member of Kentucky Nonprofit Network, please email us@kynonprofits.org.

• If you are not a current member of KNN and are not interested in making the sector's collective voice stronger by joining the state association of nonprofits, you may still participate by paying a one-time $350 Kentucky Gives Day registration fee.
WHEN DOES NONPROFIT REGISTRATION OPEN?

NONPROFIT REGISTRATION OPENS ON MARCH 1!

In the meantime, you should go ahead and ensure your organization has completed its annual charitable solicitation registration with the KY Office of the Attorney General and shows up on the list. If you do not show up on the Attorney General's list, take steps to comply ASAP.

KY GIVES DAY ~ #KYGIVES22 ~ TUESDAY, MAY 10
WHAT IS STATE CHARITABLE SOLICITATION REGISTRATION AND WHY IS IT IMPORTANT?

Kentucky and most states have charitable solicitation laws to protect consumers. Registration varies by state. If you are soliciting funds in Kentucky, annual registration is required by Kentucky law. If you are actively raising funds in other states (and the definition of “actively raising funds” varies by state), you may also need to register in those states or modify your solicitation strategy in those states. Maintaining the public’s trust is important for the nonprofit sector.

Fundraising registration is a simple process, it’s free, and again - it’s the law.

To participate in Kentucky Gives Day, all nonprofits must be registered with the Kentucky Office of the Attorney General and appear on this list by April 18, 2022 (firm deadline).
#KYGIVES22 - CHARITABLE SOLICITATION REGISTRATION

**HOW CAN I FIND OUT IF MY ORGANIZATION IS ON THE LIST AND ADD IT IF NOT?**


Remember - this is an annual registration. If you have appeared on the list in the past but are no longer on the list, you need to register again.

If you do not see your organization listed or have questions, visit this link for information on how to register: https://ag.ky.gov/Resources/Consumer-Resources/charity/Pages/registration.aspx

Visit www.kynonprofits.org/learn/fundraisingregistration for more information on charitable solicitation registration, including a one-page guide: Does Your Nonprofit Need to Register?
IF I AM NOT ON THE LIST, WHEN SHOULD I REGISTER?

IF YOU ARE NOT ON THIS LIST, WE URGE YOU TO ACT QUICKLY. Charitable solicitation registration is handled via mail, and there can be delays. Allow plenty of time for your registration information to be mailed/delivered to the KY Office of the Attorney General (if you are nearing the deadline, you may even consider sending it by overnight or 2-day mail), and then to be processed/added to the list. The list is updated every Monday.

Nonprofits who are not on the list (confirmed as registered with the Kentucky Office of the Attorney General to legally raise funds in Kentucky) by April 18, 2022 will be deemed ineligible to participate in Kentucky Gives Day.
HOW DO I SHOW PROOF OF MY ANNUAL CHARITABLE SOLICITATION REGISTRATIONS?

When registering for KY Gives Day, you'll simply open the list online, scroll to the page with your organization's name/DBA, take a screenshot, save it as a PDF, and upload the PDF when prompted on the KY Gives Day registration form.

If you've already submitted your KY Gives Day registration form, you may email the PDF to laura@kynonprofits.org.

Search for and scroll to the page with your organization's name/DBA.

Use your mouse to highlight your organization's name.

Take a screenshot, save it as a PDF, and upload the PDF to your KY Gives Day registration form.

If you have already submitted your KY Gives Day registration form, email the PDF to laura@kynonprofits.org
How do I show proof of my annual charitable solicitation registrations?

Note: Being a registered 501(c)(3) with the KY Secretary of State is NOT the same process as lawfully complying each year with state requirements to register funds with the KY Office of the Attorney General.

Do NOT upload proof of your Secretary of State registration or any other document other than the screenshot showing your organization's name on this list.
#KYGIVES22 - IMPORTANT DATES

**NONPROFIT REGISTRATION OPEN**
Tuesday, March 1 - Tuesday, April 19

**WEBINAR: GETTING READY FOR KY GIVES DAY**
Thursday, March 3 @ 10:30AM ET

**MUST SHOW UP ON ATTORNEY GENERAL'S LIST**
Monday, April 18

**KENTUCKY GIVES DAY!**
Tuesday, May 10