



The Kentucky Nonprofit Sector 2009

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 2006, the sector contributed more than \$13.9 billion to Kentucky's economy, roughly 9.5 percent of the state's gross domestic product.
- In 2006, the average charitable contributions of Kentuckians was \$1007 or 2.2 percent of adjusted gross income. The national rate was \$1319, 2.3 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 nearly 7,000 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 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 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 is collected and analyzed to provide a more precise picture of the nonprofit sector.



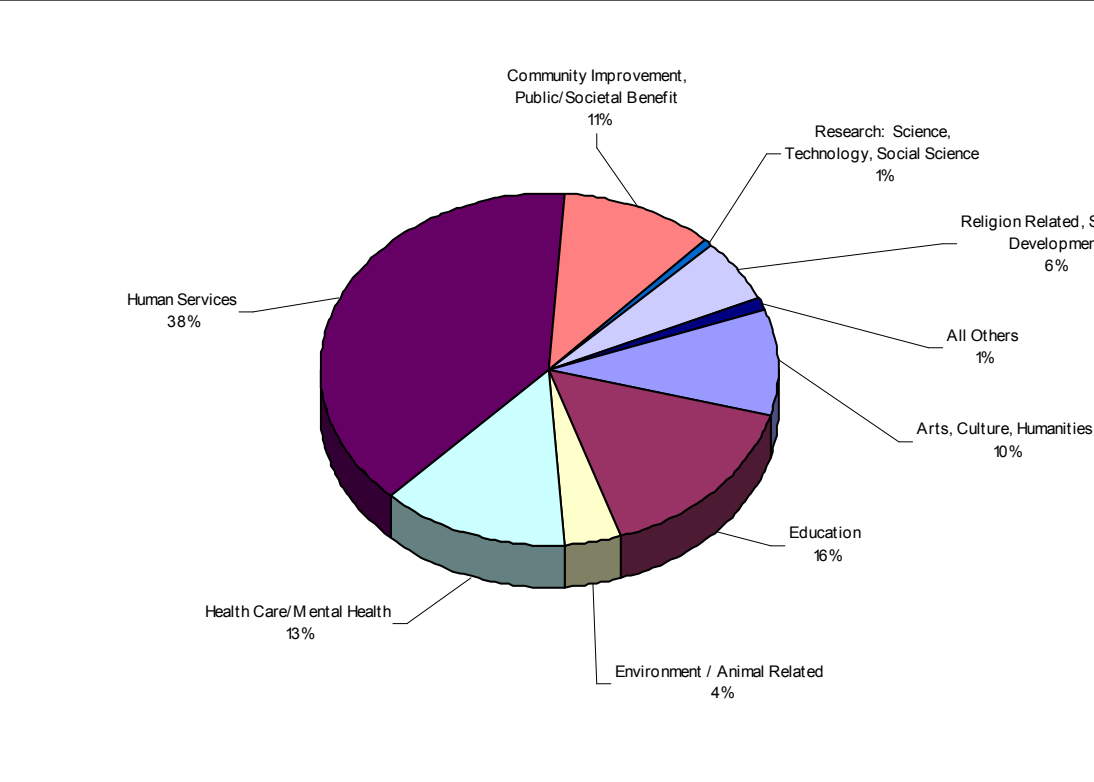
- In 2006, there were 11,262 nonprofits in Kentucky registered with the IRS and 4,374 nonprofits reporting to the IRS (Fig. 1).
- Nationally in 2006, there were 981,967 nonprofit organizations registered with the IRS and 327,029 reporting to the IRS.
- In Kentucky in 2006, there were 6,638 registered nonprofits under other 501 (c) subsections and 2,015 reporting. (Fig. 1). Nationally there were 457,312 registered and 152,649 reporting.

Figure 1: The Kentucky Nonprofit Sector, 2006

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*	11,262	4,374
Private Foundations	473	355
Charitable Nonprofits	10,789	4,019
Under Other 501(c) Subsections	6,638	2,015
501(c) 4 — social welfare	1,477	337
501(c) 5 — labor/agricultural	858	438
501(c) 6 — business leagues	945	460
501(c) — other	3,358	780

*Does not include religious congregations.
 Data from 11/2006 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, 2006



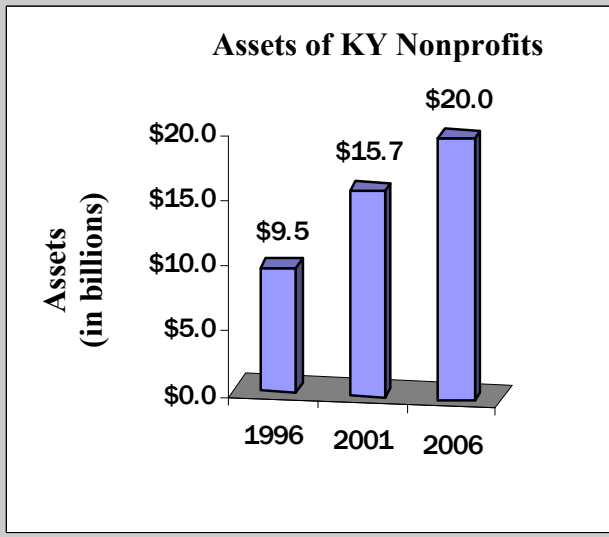
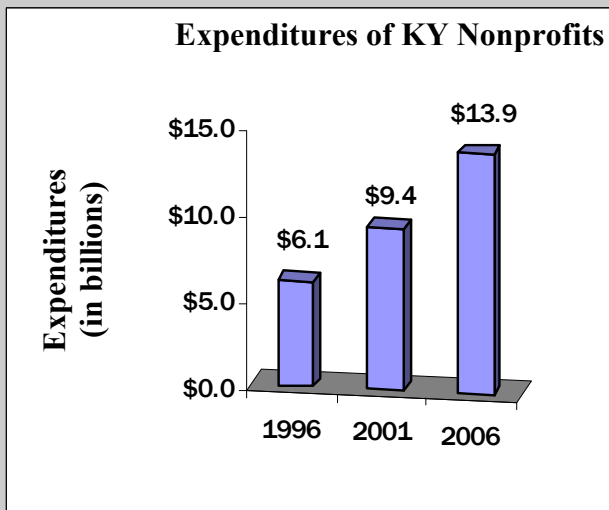
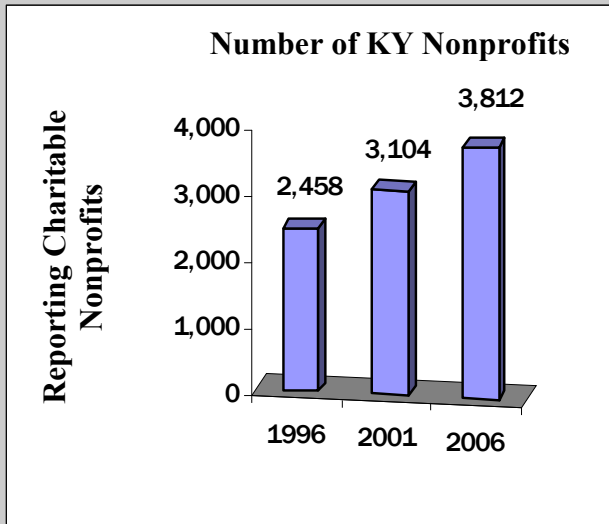
Kentucky's nonprofit sector is very diverse and provides a broad spectrum of services to the state's citizens.

- Human service organizations make up the largest group of reporting organizations at 38 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.

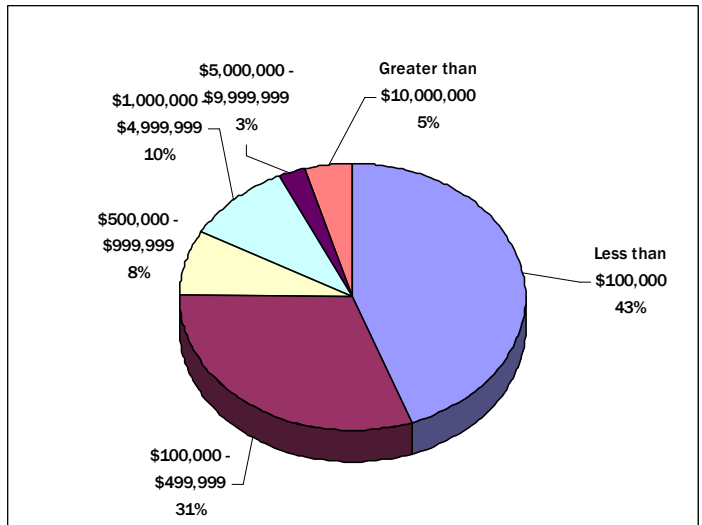
Figure 3: Reporting Charitable Nonprofits in Kentucky, 1996-2006



Source: National Center for Charitable Statistics, Urban Institute

- Between 1996 and 2006, Kentucky's nonprofit sector grew by 56 percent.
- Expenditures by those Kentucky nonprofit organizations required to report to the IRS in 2006 totaled \$13.9 billion. (Fig. 3).
- The value of assets held by the reporting nonprofits in Kentucky reached \$20 billion in 2006, which is a 111 percent increase from \$9.5 billion in 1996 (Fig 3).
- Expenditures by organizations nationwide required to report to the IRS in 2006 totaled \$1.85 billion.
- The value of assets held by reporting nonprofits across the nation was \$2.30 billion in 2006.

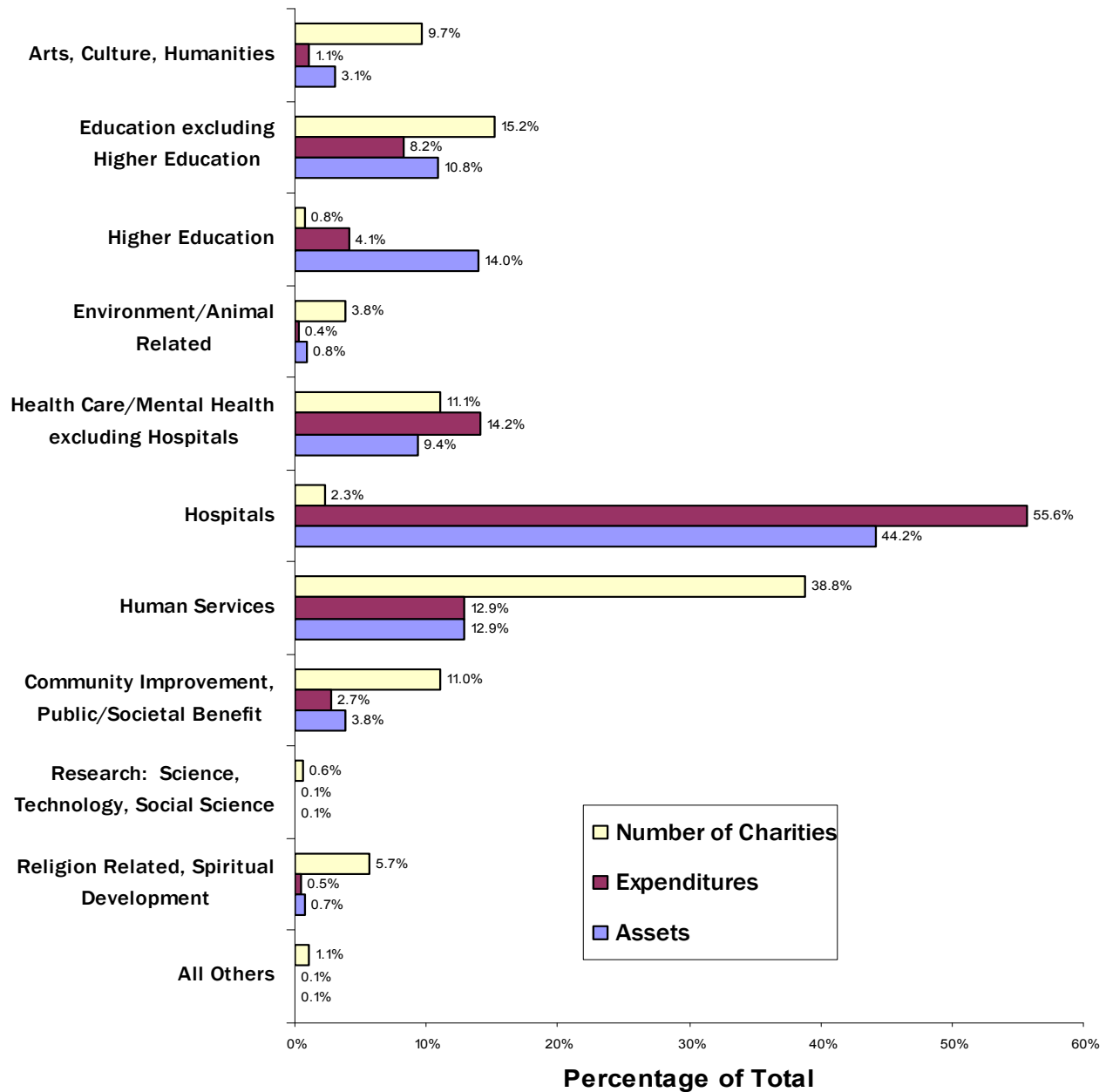
Figure 4: Reporting Charitable Nonprofits in Kentucky by Expenditure Level, 2006



Source: National Center for Charitable Statistics, Urban Institute

- In 2006, 8 percent of reporting Kentucky nonprofits had annual expenditures greater than \$5 million. These organizations accounted for 81 percent of total assets and 90 percent of total expenditures of all reporting Kentucky nonprofit organizations (Fig. 4).
- In contrast, 82 percent had annual expenditures of less than \$1 million; 74 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 nearly 7,000 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, 2006



Source: National Center for Charitable Statistics, Urban Institute

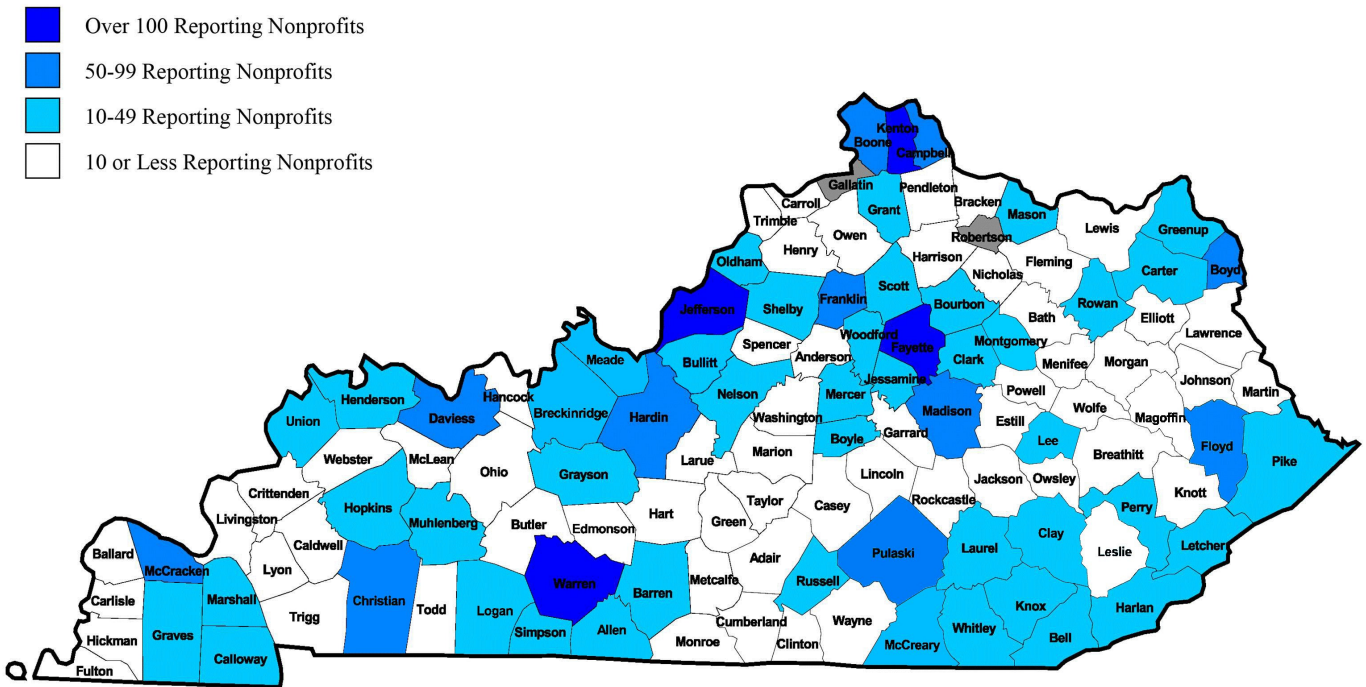
- In 2006, Kentucky nonprofit hospitals represented only 2.3 percent of total reporting charities, but they had more than half of the sector’s total expenditures (55.6%) and just less than half the sector’s assets (44.2%) (Fig. 5).
- Human Service organizations in Kentucky represent over one third (38.8%) of all reporting nonprofits, but report only 12.9 percent of total expenditures and held only 12.9 percent of total assets (Fig. 5).

Figure 6: Reporting Charitable Nonprofits in Kentucky by County, 2006

County	# of Orgs	Expenditures	Assets	County	# of Orgs	Expenditures	Assets
Adair	5	\$63,188,054	\$73,585,357	Knox	15	\$28,442,253	\$51,116,751
Allen	17	\$1,897,902	\$8,860,883	Larue	4	\$6,903,529	\$3,850,369
Anderson	10	\$2,004,998	\$3,594,733	Laurel	46	\$119,716,412	\$101,441,827
Ballard	4	\$264,739	\$1,255,796	Lawrence	4	\$561,478	\$235,229
Barren	18	\$101,662,959	\$105,551,439	Lee	12	\$5,396,506	\$5,935,835
Bath	4	\$217,932	\$4,308,084	Leslie	6	\$825,813	\$1,306,653
Bell	21	\$41,404,034	\$36,694,795	Letcher	24	\$27,856,488	\$29,470,477
Boone	60	\$40,836,160	\$49,244,359	Lewis	5	\$10,218,445	\$15,542,850
Bourbon	17	\$10,448,205	\$13,173,620	Lincoln	8	\$1,658,139	\$2,576,690
Boyd	68	\$571,608,797	\$758,662,468	Livingston	6	\$11,049,962	\$5,407,021
Boyle	48	\$185,617,165	\$516,300,284	Logan	15	\$2,085,427	\$6,188,457
Bracken	6	\$503,784	\$665,080	Lyon	2	\$272,200	\$653,622
Breathitt	8	\$12,257,318	\$9,640,678	McCracken	82	\$182,589,471	\$270,890,221
Breckinridge	12	\$14,821,155	\$11,586,515	McCreary	12	\$2,712,802	\$5,750,123
Bullitt	23	\$4,446,907	\$57,449,564	McLean	5	\$700,500	\$1,056,337
Butler	4	\$511,271	\$842,617	Madison	70	\$193,169,550	\$1,394,933,145
Caldwell	9	\$15,050,171	\$12,311,922	Magoffin	4	\$134,713	\$189,322
Calloway	26	\$7,664,349	\$68,094,496	Marion	9	\$11,845,795	\$9,913,538
Campbell	74	\$307,175,075	\$352,828,175	Marshall	22	\$22,179,642	\$28,210,554
Carlisle	1	\$84,141	\$122,634	Martin	6	\$1,110,915	\$6,960,890
Carroll	6	\$981,468	\$5,339,102	Mason	20	\$21,202,348	\$35,995,602
Carter	18	\$26,050,349	\$32,957,119	Meade	11	\$847,260	\$2,541,809
Casey	7	\$11,802,085	\$7,391,289	Menifee	4	\$3,967,169	\$2,345,262
Christian	52	\$137,166,931	\$196,502,544	Mercer	25	\$26,641,425	\$44,771,886
Clark	26	\$56,061,066	\$72,147,001	Metcalfe	5	\$886,375	\$2,855,223
Clay	12	\$49,257,436	\$52,818,030	Monroe	5	\$14,417,481	\$16,770,311
Clinton	7	\$21,609,019	\$33,363,148	Montgomery	13	\$29,749,247	\$29,564,539
Crittenden	5	\$15,111,221	\$9,744,368	Morgan	3	\$6,674,043	\$7,076,768
Cumberland	4	\$14,680,547	\$9,977,605	Muhlenberg	11	\$80,524,258	\$29,619,830
Daviess	102	\$395,768,609	\$711,825,702	Nelson	38	\$52,396,944	\$85,257,233
Edmonson	1	\$28,331	\$73,462	Nicholas	4	\$11,053,826	\$8,439,647
Elliott	1	\$239,564	\$462,379	Ohio	8	\$22,251,521	\$17,109,652
Estill	6	\$10,563,602	\$11,256,740	Oldham	42	\$18,463,825	\$24,834,619
Fayette	484	\$2,012,794,690	\$2,127,154,843	Owen	3	\$10,205,908	\$5,797,977
Fleming	10	\$9,840,693	\$10,978,640	Owsley	8	\$5,642,163	\$7,529,761
Floyd	51	\$132,536,094	\$131,052,184	Pendleton	7	\$875,508	\$796,666
Franklin	103	\$108,552,178	\$81,863,291	Perry	37	\$99,639,406	\$60,923,731
Fulton	5	\$887,036	\$2,248,941	Pike	31	\$201,508,984	\$242,601,025
Garrard	6	\$118,592,769	\$27,391,305	Powell	3	\$268,749	\$134,187
Grant	12	\$2,333,022	\$2,955,127	Pulaski	56	\$83,134,794	\$77,880,044
Graves	39	\$24,283,972	\$55,584,296	Rockcastle	9	\$43,338,018	\$57,022,248
Grayson	12	\$73,094,518	\$49,350,954	Rowan	23	\$109,344,962	\$125,262,533
Green	3	\$14,458,726	\$6,819,548	Russell	14	\$30,653,809	\$28,484,545
Greenup	15	\$8,267,348	\$4,407,881	Scott	24	\$48,268,718	\$109,257,237
Hancock	3	\$288,380	\$135,472	Shelby	28	\$5,963,908	\$5,289,022
Hardin	82	\$33,354,431	\$41,455,315	Simpson	23	\$3,123,614	\$7,317,267
Harlan	20	\$10,954,423	\$24,359,324	Spencer	2	\$18,567	\$22,298
Harrison	7	\$25,760,744	\$37,813,699	Taylor	10	\$38,336,020	\$77,602,961
Hart	7	\$11,823,749	\$8,648,323	Todd	8	\$2,363,337	\$1,999,593
Henderson	47	\$143,833,055	\$176,364,604	Trigg	7	\$9,566,212	\$7,948,399
Henry	6	\$360,627	\$64,304	Trimble	1	\$27,095	\$204,666
Hickman	4	\$3,022,570	\$4,281,005	Union	14	\$8,001,105	\$8,608,740
Hopkins	31	\$187,108,891	\$293,009,340	Warren	114	\$399,667,846	\$556,166,418
Jackson	6	\$8,812,105	\$6,445,502	Washington	6	\$8,873,427	\$30,080,877
Jefferson	937	\$5,899,482,852	\$8,583,406,256	Wayne	8	\$13,157,669	\$11,215,923
Jessamine	41	\$62,957,289	\$323,992,817	Webster	4	\$139,899	\$306,635
Johnson	7	\$15,792,783	\$2,690,190	Whitley	28	\$169,495,480	\$202,064,176
Kenton	125	\$614,388,493	\$712,798,869	Wolfe	3	\$452,833	\$2,247,152
Knott	9	\$20,065,576	\$69,901,741	Woodford	39	\$32,162,238	\$78,978,600
				Unclassified	2	\$13,812,402	\$4,231,183
				Total	3,812	\$13,921,180,791	\$19,972,591,915

Source: National Center for Charitable Statistics, Urban Institute

Figure 7: Reporting Charitable Nonprofits by County, 2006



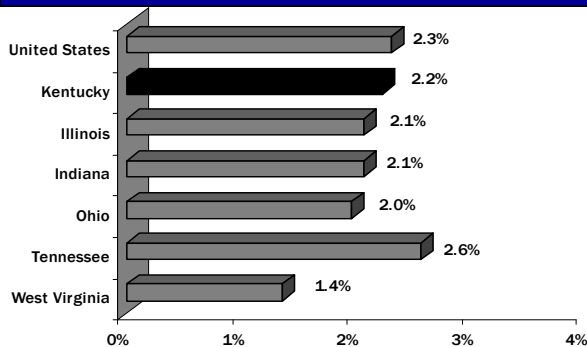
Source: NCCS Data Web, National Center for Charitable Statistics—Urban Institute

- In 2006, 118 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 37 percent of Kentucky’s reporting organizations with a total of 937 (25%) and 484 (13%) respectively (Fig. 6).
- Nonprofits in Jefferson and Fayette counties represent 57 percent of total expenditures and 54 percent of total assets (Fig. 6).
- Boone, Kenton and Campbell counties are home to 259 organizations, 7 percent of reporting nonprofits (Fig. 6).

Charitable Contributions in Kentucky

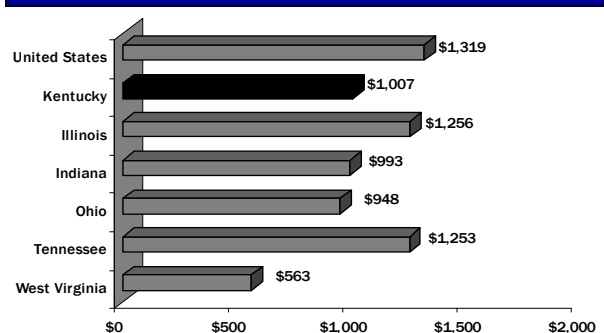
The average charitable contribution of Kentuckians in 2006 was \$1,007, \$312 less than the national average of \$1,319. As a percentage of adjusted gross income, Kentuckians donated 2.2 percent, slightly less than the national rate of 2.3 percent. The average adjusted gross income per Kentucky tax return in 2006 was \$45,291 compared to \$57,234 nationally.

Figure 8: Percent of Income Contributed in Kentucky, 2006



Source: National Center for Charitable Statistics, Urban Institute

Figure 9: Average Charitable Contribution Per Return in Kentucky, 2006



Source: National Center for Charitable Statistics, Urban Institute

Figure 10: Overview of Kentucky Foundations, 2006

Foundation Type	Number of Foundations	Assets	Total Giving
Independent Foundations	391	\$1,538,197,709	\$85,447,801
Corporate Foundations	23	\$103,106,878	\$15,886,063
Community Foundations	5	\$246,116,531	\$12,804,657
Operating Foundations	44	\$73,395,622	\$2,816,515
Total in Kentucky	463	1,960,816,740	116,955,036
Total in United States	72,477	\$614,655,650,000	\$39,004,127,000
Kentucky as % of U.S.	0.64%	0.32%	0.30%

- There were a total of 463 foundations operating in Kentucky in 2006, representing less than 1 percent of all foundations in the United States (Fig. 10).

Figure 11: Top 11 Kentucky Foundations by Assets, 2006

Foundation Name	Assets	Foundation Type
James Graham Brown Foundation, Inc.	\$454,210,728	Independent
The Community Foundation of Louisville, Inc.	\$193,268,510	Community
The Gheens Foundation, Inc.	\$86,405,294	Independent
The C.E. and S. Foundation, Inc.	\$70,972,605	Independent
The Humana Foundation, Inc.	\$62,718,642	Corporate
Fischer Family Foundation	\$51,551,035	Independent
The Spray Foundation, Inc.	\$51,402,634	Independent
W.L. Lyons Brown Foundation	\$38,659,683	Independent
Owsley Brown Frazier Historical Arms Museum Foundation, Inc.	\$35,156,894	Operating
Mildred V. Horn Foundation	\$34,706,009	Independent
Total	\$1,079,052,034	

- Nationally, there were 72,477 foundations in 2006, holding over \$614 billion in assets with a combined giving total of \$39 billion (Fig. 10).
- In 2006, Kentucky's foundations held assets of over \$1.9 billion and giving totaled nearly \$117 million (Fig. 10).
- The eleven largest foundations had nearly \$1 billion in assets, which was roughly 55 percent of the total for all Kentucky foundations (Fig. 11).

Figure 12: Top 10 Kentucky Foundations by Total Giving, 2006

Foundation Name	Total Giving	Foundation Type
James Graham Brown Foundation, Inc.	\$20,002,524	Independent
The Community Foundation of Louisville, Inc.	\$9,494,821	Community
The Humana Foundation, Inc.	\$6,094,258	Corporate
The C.E. and S. Foundation, Inc.	\$4,386,820	Independent
Yum! Brands Foundation	\$3,420,582	Corporate
The Gheens Foundation, Inc.	\$2,999,920	Independent
YPI Charitable Trust	\$2,332,002	Independent
Keeneland Foundation, Inc.	\$2,250,652	Corporate
The River Foundation, Inc.	\$2,175,479	Independent
The Spray Foundation, Inc.	\$2,160,000	Independent
Total	\$55,317,058	

- The ten largest foundations by total giving levels gave over \$55 million or approximately 47 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 2006, the sector contributed nearly \$14 billion to Kentucky's economy, roughly 9.5 percent of Kentucky's gross domestic product.
- In 2006, the average charitable contributions of Kentuckians was \$1007, or 2.2 percent of income. The national average was \$1319 or 2.3 percent of income contributed.
- Human services organizations make up the largest portion of Kentucky's reporting charitable nonprofits at 38 percent.
- Jefferson & Fayette counties are home to approximately 39 percent of Kentucky's reporting organizations, with a total of 937 and 484 nonprofits 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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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)