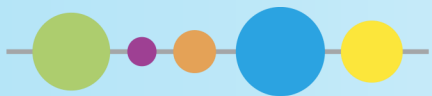




Photo by Shaun Ring for RMHC of the Bluegrass



K E N T U C K Y
NONPROFIT
N E T W O R K

More Than Charity:
Kentucky's
Nonprofit Sector

Released May 2012

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.

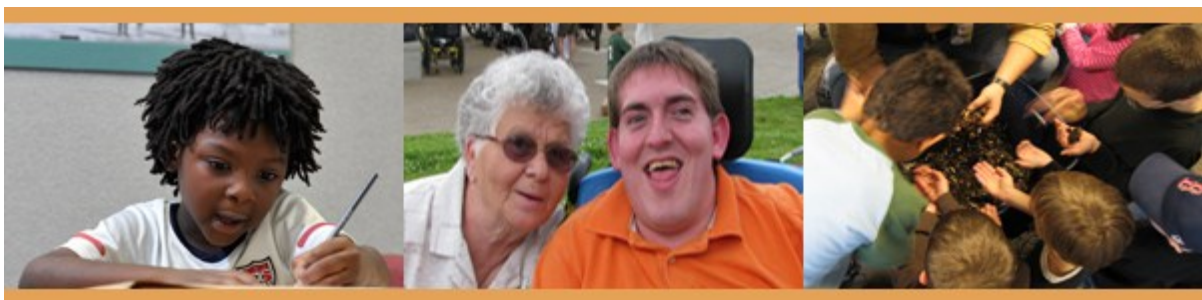
The focus of this report is organizations claiming tax exempt status under Section 501 (c) (3), reserved for educational, religious, scientific, literary and other charitable organizations commonly known as “public charities.” These include: nonprofit hospitals, colleges, universities, day care centers, 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 do we get data on nonprofit organizations?

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 Business Master File Extract (BMF) - The BMF listing includes selected information regarding organizations registered with the IRS as exempt from tax under section 501 (a) of the Internal Revenue Code. This data is extracted and published monthly by the IRS. Churches and houses of worship that meet requirements are automatically considered tax-exempt and are not required to apply for and obtain recognition of tax-exempt status from the IRS. Although there is no requirement to do so, many churches seek recognition of tax-exempt status and are included in the BMF listing. Until recently, certain small organizations were not required to file annual Form 990 or 990-EZ information returns, so the BMF listing contained many organizations no longer in operation. This report offers the first snapshot of the U.S. nonprofit sector since the IRS removed over 275,000 organizations from the BMF listing due to closure or failure to file an annual information return.
- Internal Revenue Service Form 990 Data - Most tax-exempt organizations, except for churches and houses of worship, are required to file some version of the IRS Form 990 each year. Different versions of the Form 990 collect different information, but the majority of organizations with receipts over \$25,000 each year must publically disclose financial information on revenues, expenditures, awarded grants and contracts, and other forms of information, including program activities, operations and governance. Data from these forms is collected and analyzed by governments, media and researchers to provide a more precise picture of the nonprofit sector.



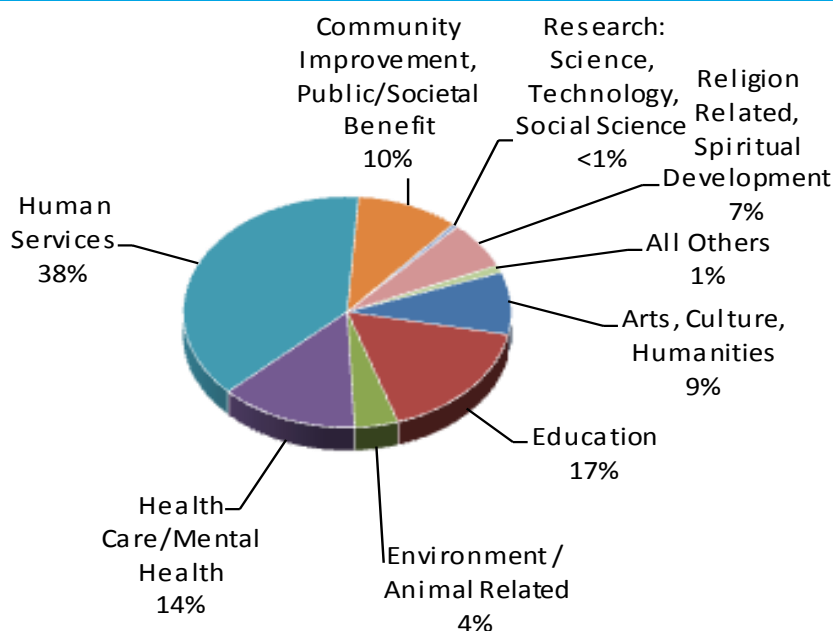
- In 2010, there were 13,436 charitable nonprofits in Kentucky registered with the IRS (not all religious congregations included). 8,260 of these filed some form of annual report with the IRS (Fig. 1).
- Nationally in 2010, there were over 1.16 million charitable nonprofits registered with the IRS and 722,894 filed some form of annual report with the IRS.
- The difference in the number of registered and filing 501(c)(3) public charities is largely attributed to religious congregations that are automatically considered tax-exempt and not required to register or file an annual Form 990 return with the IRS. While all tax-exempt organizations (with these exceptions) are now required to file some form of the annual 990, other reasons for the difference include extensions granted by the IRS, an organization's failure to file, etc. including: processing delays, reporting extensions, new organizations that have not filed an initial return, and organizations that fail to file, etc.

Figure 1: The Kentucky Nonprofit Sector, 2010

Types of Tax-Exempt Organizations	KY Nonprofits Registered with IRS	KY Nonprofits Filing Annual IRS Form 990, 990-PF, 990-EZ, or 990-N Report	All US Nonprofits Registered with IRS	All US Nonprofits Filing Annual IRS Form 990, 990-PF, 990-EZ, or 990-N Report
Under IRS Subsection 501(c)(3) ¹	13,436	8,260	1,162,636	722,894
Private Foundations	832	636	115,915	93,360
Public Charities *	12,604	7,624	1,046,721	629,534
Under Other 501(c) Subsections ²	6,472	4,530	454,668	334,899
501(c)(4) social welfare	1,364	860	110,549	76,154
501(c)(5) labor/agricultural	815	629	56,248	43,494
501(c)(6) business leagues	975	747	73,520	57,459
501(c)(other)	3,318	2,294	214,351	157,792

* Does not include all religious congregations.

Figure 2: Reporting Charitable Nonprofits in Kentucky by Field, 2010



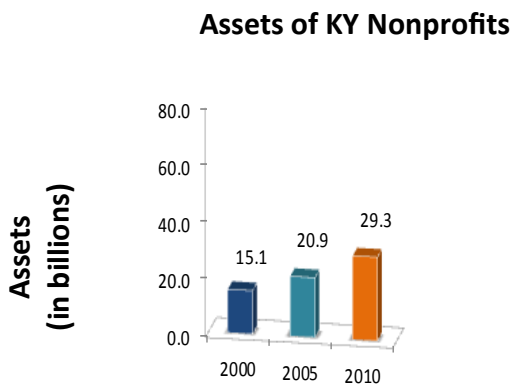
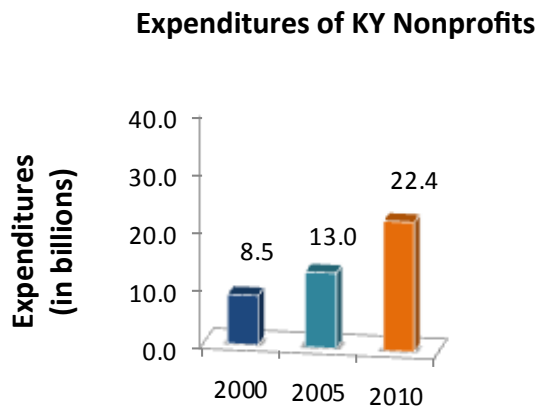
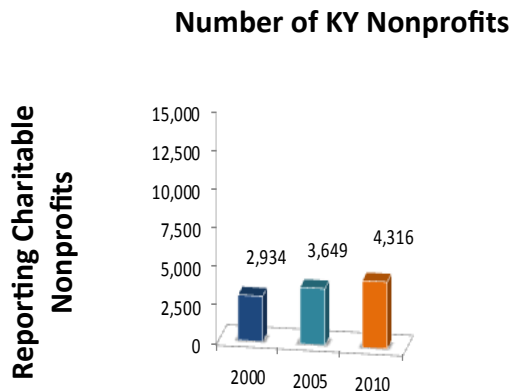
Kentucky's nonprofit sector is very diverse and provides a broad spectrum of services to the state's citizens.

- Human service organizations make up the largest group of reporting organizations at 38 percent (Fig.2).
- Education is the second largest group at 17 percent (Fig. 2).
- Health Care and Mental Health is the third largest group at 14 percent (Fig. 2).

Source: NCCS Data Web, National Center for Charitable Statistics, <http://nccsdataweb.urban.org/> ©2012

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.

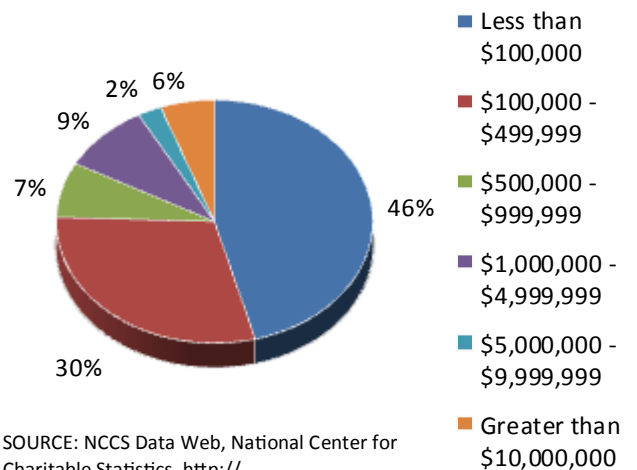
Figure 3: Reporting Charitable Nonprofits in Kentucky, 2000-2010



SOURCE: NCCS Data Web, National Center for Charitable Statistics, <http://nccsdataweb.urban.org/> ©2012

- Between 2000 and 2010, the number of public charities filing Forms 990 or 990-EZ in Kentucky grew by 47 percent (Fig. 3).
- Expenditures by these Kentucky public charities totaled \$22.4 billion in 2010, representing an average increase of nearly 10 percent per year over the past decade (Fig. 3).
- The value of assets held by reporting public charities in Kentucky reached \$29.3 billion in 2010, compared to \$15.1 billion in 2000 (Fig. 3).
- Reported expenditures by public charities nationwide totaled \$1.5 trillion in 2010, representing an increase of nearly 7 percent per year over the past ten years.
- The value of assets held by public charities across the nation increased an average of just over 6 percent per year, from 1.5 trillion in 2000 to \$2.7 trillion in 2010.
- Not reflected in these statistics are the small public charities in Kentucky that file the non-financial Form 990-N return with the IRS. This group includes organizations with annual receipts of normally \$25,000 or less. Churches and houses of worship that voluntarily elect to file an annual return are included.

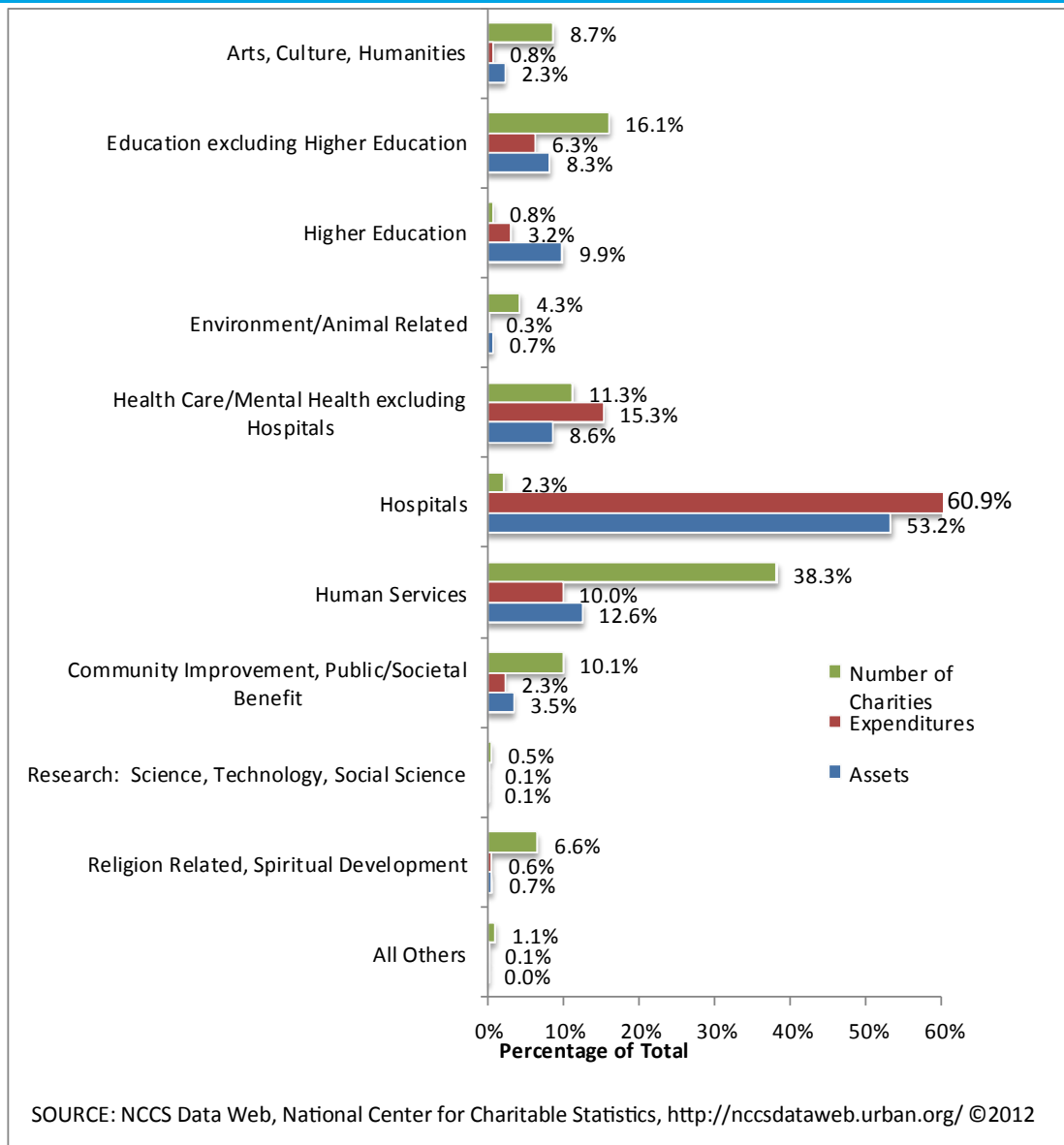
Figure 4: Reporting Charitable Nonprofits in Kentucky by Expenditure Level, 2010



SOURCE: NCCS Data Web, National Center for Charitable Statistics, <http://nccsdataweb.urban.org/> ©2012

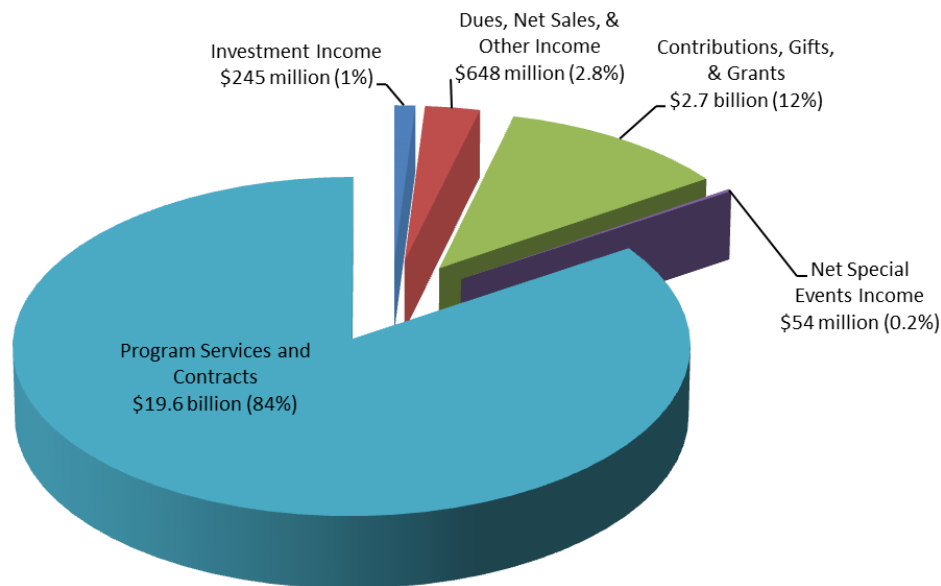
- In 2010, 8 percent of reporting Kentucky nonprofits had annual expenditures greater than \$5 million. These organizations accounted for 85 percent of total assets and 93 percent of total expenditures of all reporting Kentucky nonprofit organizations (Fig. 4).
- In contrast, 83 percent had annual expenditures 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 (Fig. 4).

Figure 5: Number, Expenditures & Assets of Reporting Charitable Nonprofits in Kentucky by Field, 2010



- In 2010, Kentucky nonprofit hospitals represented just over 2 percent of total reporting charities, but they had more than half of the sector's total expenditures (61%) and just over half the sector's assets (53%) (Fig. 5).
- Human Service organizations in Kentucky represent over one third (38%) of all reporting nonprofits and report 10 percent of total expenditures and held nearly 13 percent of total assets (Fig. 5).

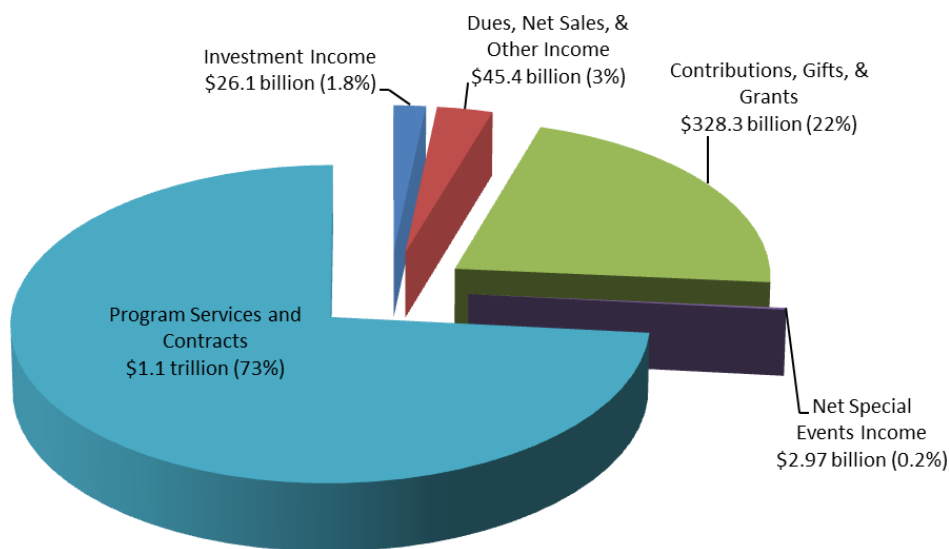


Figure 6: Kentucky Nonprofit Revenue by Source, 2010

*Contributions, gifts and grants includes grants from both private and government sources. Program services and contracts include contracts with government.

SOURCE: NCCS Data Web, National Center for Charitable Statistics, <http://nccsdataweb.urban.org/> ©2012

- In 2010, fees received from program services and contracts accounted for \$19.6 billion, or 84 percent, of the revenue of Kentucky's charitable nonprofits (Fig. 6).
- Kentucky's charitable nonprofits received 12 percent of their revenue, or \$2.7 billion, from contributions, gifts and grants (Fig. 6).

Figure 7: Nationwide Nonprofit Revenue by Source, 2010

*Contributions, gifts and grants includes grants from both private and government sources. Program services and contracts include contracts with government.

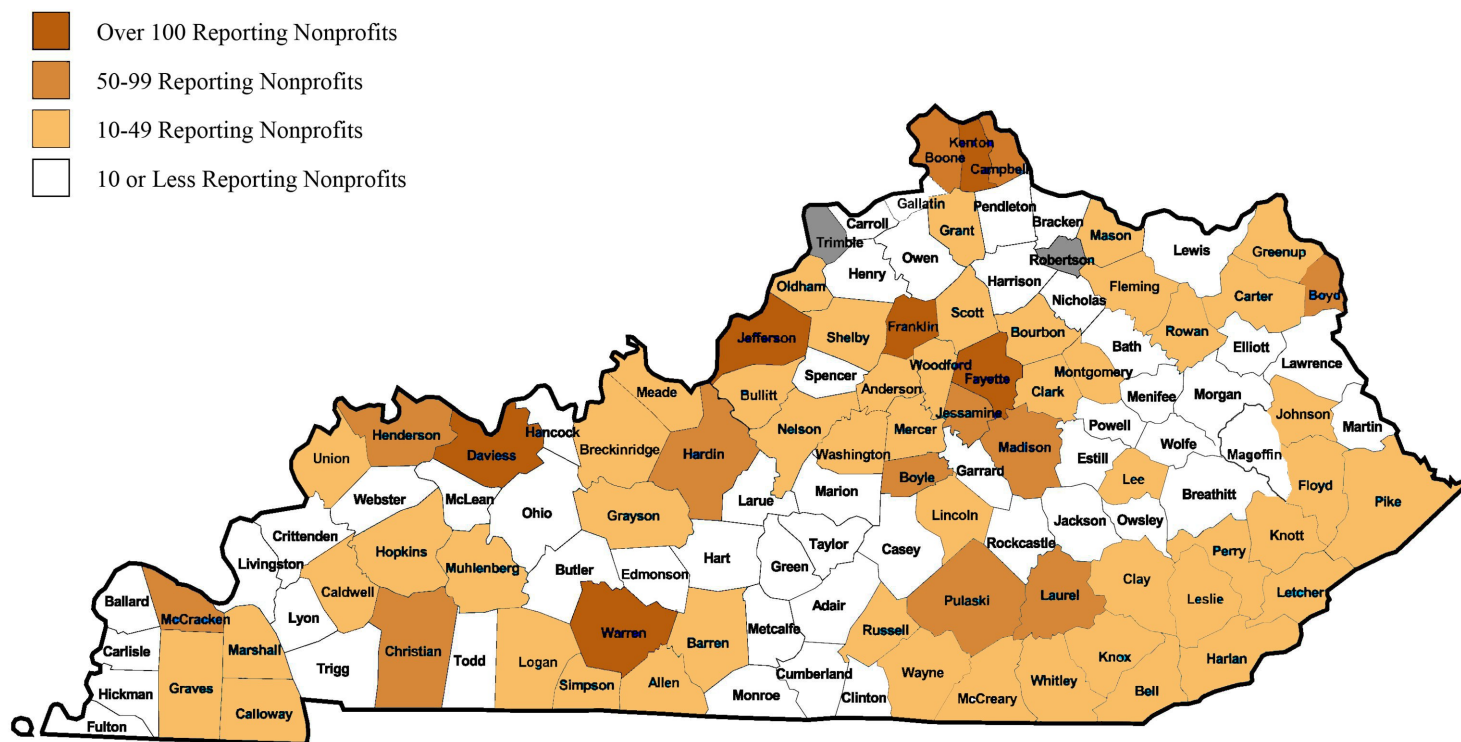
SOURCE: NCCS Data Web, National Center for Charitable Statistics, <http://nccsdataweb.urban.org/> ©2012

- Nationally, fees received from program services and contracts accounted for 73 percent, or over \$1 trillion, of charitable nonprofit revenue in 2010—less than the rate of 84 percent in Kentucky (Fig. 7).
- The nation's charitable nonprofit sector received 22 percent, or \$328.3 billion, of its revenue from contributions, gifts and grants in 2010—nearly double that of Kentucky's charitable nonprofits at 12 percent (Fig. 7).

Figure 8: Reporting Charitable Nonprofits in Kentucky by County, 2010

County	# of Orgs	Expenditures	Assets	County	# of Orgs	Expenditures	Assets
Adair	7	\$73,262,481	\$94,822,583	Knox	17	\$43,754,797	\$67,566,578
Allen	18	\$6,143,606	\$39,453,965	Larue	5	\$8,000,133	\$19,598,138
Anderson	15	\$2,517,863	\$6,858,769	Laurel	50	\$40,671,270	\$38,707,448
Ballard	3	\$262,825	\$1,113,805	Lawrence	3	\$281,761	\$415,264
Barren	28	\$122,031,443	\$132,767,410	Lee	12	\$5,861,536	\$7,459,815
Bath	3	\$336,998	\$2,485,360	Leslie	10	\$27,650,582	\$5,646,587
Bell	23	\$51,770,696	\$37,688,541	Letcher	26	\$32,794,564	\$37,134,429
Boone	68	\$56,745,391	\$67,248,172	Lewis	6	\$16,954,724	\$26,714,897
Bourbon	19	\$9,762,974	\$12,041,138	Lincoln	13	\$2,587,552	\$3,228,923
Boyd	70	\$840,412,565	\$1,028,659,430	Livingston	6	\$17,039,567	\$5,795,504
Boyle	53	\$252,307,224	\$630,317,926	Logan	20	\$9,631,951	\$14,964,001
Bracken	5	\$650,423	\$877,591	Lyon	1	\$342,596	\$496,609
Breathitt	9	\$43,306,228	\$27,612,455	McCracken	83	\$243,256,234	\$326,552,480
Breckinridge	12	\$20,624,806	\$22,557,500	McCreary	10	\$2,094,609	\$4,868,763
Bullitt	20	\$29,337,521	\$95,544,072	McLean	5	\$395,720	\$723,627
Butler	5	\$540,894	\$1,078,142	Madison	77	\$208,473,770	\$1,342,242,244
Caldwell	11	\$27,147,742	\$48,645,262	Magoffin	4	\$170,046	\$187,887
Calloway	33	\$9,698,236	\$77,998,348	Marion	8	\$19,138,692	\$13,577,108
Campbell	80	\$68,137,898	\$203,513,669	Marshall	25	\$31,938,336	\$62,859,131
Carlisle	1	\$101,572	\$228,501	Martin	7	\$1,299,885	\$8,878,982
Carroll	8	\$18,054,331	\$11,512,892	Mason	20	\$25,579,738	\$38,874,437
Carter	23	\$30,408,413	\$32,975,718	Meade	15	\$1,136,701	\$3,034,749
Casey	7	\$18,176,507	\$33,115,072	Menifee	4	\$4,553,505	\$2,804,567
Christian	57	\$174,829,003	\$224,415,509	Mercer	24	\$32,541,217	\$44,774,185
Clark	31	\$54,580,647	\$70,450,151	Metcalfe	4	\$1,089,596	\$3,156,944
Clay	16	\$66,622,382	\$61,968,851	Monroe	5	\$19,621,380	\$23,598,502
Clinton	3	\$23,108,981	\$35,127,324	Montgomery	15	\$6,772,666	\$11,471,482
Crittenden	8	\$15,491,483	\$10,950,948	Morgan	3	\$9,633,794	\$8,685,460
Cumberland	7	\$24,519,467	\$13,954,877	Muhlenberg	14	\$89,351,295	\$27,790,365
Daviess	113	\$574,915,583	\$1,293,055,545	Nelson	39	\$6,644,318	\$15,317,464
Edmonson	2	\$158,797	\$27,465	Nicholas	5	\$11,110,730	\$6,501,757
Elliott	1	\$243,698	\$395,827	Ohio	8	\$30,118,612	\$21,154,030
Estill	6	\$16,129,163	\$16,320,776	Oldham	49	\$24,138,963	\$28,184,530
Fayette	562	\$2,188,072,647	\$2,085,995,292	Owen	6	\$11,663,888	\$4,909,172
Fleming	14	\$11,460,592	\$8,949,569	Owsley	8	\$6,175,563	\$7,943,753
Floyd	44	\$136,613,142	\$178,794,121	Pendleton	8	\$751,714	\$903,457
Franklin	119	\$166,583,831	\$102,728,666	Perry	37	\$90,956,409	\$60,737,649
Fulton	4	\$1,155,781	\$2,404,945	Pike	43	\$308,508,213	\$327,655,576
Gallatin	2	\$1,304,978	\$961,481	Powell	5	\$2,363,548	\$534,061
Garrard	3	\$401,495	\$1,525,085	Pulaski	61	\$72,230,309	\$122,188,221
Grant	15	\$2,906,146	\$4,408,484	Rockcastle	9	\$59,177,932	\$60,623,646
Graves	44	\$44,835,170	\$90,949,811	Rowan	23	\$137,459,028	\$135,707,223
Grayson	17	\$55,658,325	\$91,415,569	Russell	17	\$38,728,576	\$34,605,833
Green	4	\$15,677,438	\$7,508,777	Scott	42	\$58,371,248	\$100,889,734
Greenup	15	\$7,243,547	\$5,758,742	Shelby	36	\$7,120,702	\$9,348,947
Hancock	1	\$21,301	\$200,328	Simpson	27	\$4,282,235	\$9,865,251
Hardin	83	\$62,935,322	\$48,467,106	Spencer	5	\$113,536	\$235,464
Harlan	20	\$8,422,934	\$14,894,494	Taylor	9	\$52,058,984	\$88,805,826
Harrison	9	\$34,348,786	\$41,474,361	Todd	7	\$4,353,563	\$3,437,449
Hart	8	\$15,569,235	\$12,305,749	Trigg	9	\$13,266,419	\$8,238,321
Henderson	53	\$174,447,746	\$214,791,073				
Henry	4	\$290,195	\$129,438	Union	17	\$22,543,806	\$24,254,095
Hickman	6	\$3,827,667	\$7,400,704	Warren	130	\$506,851,751	\$744,465,755
Hopkins	33	\$204,101,399	\$191,185,686	Washington	10	\$18,231,311	\$32,156,410
Jackson	7	\$15,769,013	\$8,805,328	Wayne	12	\$14,755,091	\$9,094,764
Jefferson	1004	\$7,402,172,391	\$10,602,848,599	Webster	3	\$2,770,495	\$2,096,569
Jessamine	53	\$76,383,195	\$340,173,781	Whitley	31	\$124,789,587	\$216,540,737
Johnson	14	\$164,795,178	\$30,187,349	Wolfe	3	\$494,050	\$2,596,938
Kenton	205	\$6,412,131,713	\$6,458,767,789	Woodford	47	\$36,904,344	\$88,715,272
Knott	10	\$23,623,090	\$78,136,562				
Total				4, 316	\$22,432,643,240	\$29,286,469,493	

SOURCE: NCCS Data Web, National Center for Charitable Statistics, <http://nccsdataweb.urban.org/> ©2012

Figure 9: Reporting Charitable Nonprofits by County, 2010

SOURCE: NCCS Data Web, National Center for Charitable Statistics, <http://nccsdataweb.urban.org/> ©2012

- In 2010, 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 (Fig. 9).
- 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 1004 (23%) and 562 (13%), respectively (Fig. 8).
- Nonprofits in Jefferson and Fayette counties represent 43 percent of total expenditures and 43 percent of total assets (Fig. 9).
- Boone, Kenton and Campbell counties are home to 353 organizations, just over 8 percent of reporting nonprofits (Fig. 9).



Giving in Kentucky, 2009

The average charitable contribution of Kentuckians in 2009 was \$923, \$191 less than the national average of \$1,114. As a percentage of adjusted gross income, Kentuckians' donations were in line with the national rate of 2.0 percent. The average adjusted gross income per Kentucky tax return in 2009 was \$45,628 compared to \$55,147 nationally, both of which were down slightly from previous years.

Source: IRS, Statistics of Income Division, Individual Master File System, December 2010

Figure 10: Overview of Kentucky Foundations, 2009

Foundation Type	Number of Foundations	Assets	Total Giving
Independent Foundations	395	\$ 1,294,167,198	\$ 81,374,925
Corporate Foundations	28	\$ 95,803,685	\$ 12,723,055
Community Foundations	5	\$ 254,848,498	\$ 15,987,566
Operating Foundations	40	\$ 43,450,259	\$ 3,222,633
Total in Kentucky	468	\$ 1,688,269,640	\$ 113,308,179
Total in United States	76,545	\$ 590,188,365,000	\$ 50,388,584,000
Kentucky as % of U.S.	0.61%	0.29%	0.22%

Figure 13: Percent of Income Contributed in Kentucky, 2009

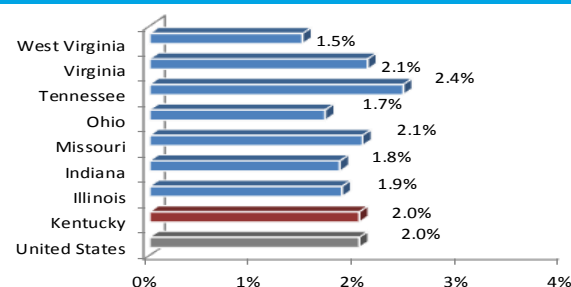
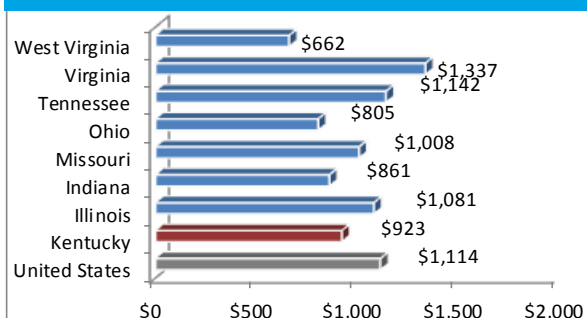


Figure 11: Top 10 Kentucky Foundations by Assets, 2009

Foundation Name	Assets	Foundation Type
James Graham Brown Foundation, Inc.	\$308,934,139	Independent
The Community Foundation of Louisville, Inc.	\$200,583,573	Community
The Gheens Foundation, Inc.	\$70,925,315	Independent
The Humana Foundation, Inc.	\$53,531,847	Corporate
The Ray and Kay Eckstein Charitable Trust	50,568,182	Independent
The C.E. and S. Foundation, Inc.	\$50,300,656	Independent
The Spray Foundation, Inc.	\$49,403,709	Independent
The R.C. Durr Foundation	\$43,400,028	Independent
The Carson-Mayre Charitable Foundation	\$62,148,202	Independent
Fischer Family Foundation	\$33,271,309	Independent
W.L. Lyons Brown Foundation	31,702,442	Independent
Total	\$892,576,200	

Figure 14: Average Charitable Contribution Per Return in Kentucky, 2009



Source: IRS, Statistics of Income Division, Individual Master File System, December 2010

Figure 12: Top 10 Kentucky Foundations by Total Giving, 2009

Foundation Name	Total Giving	Foundation Type
James Graham Brown Foundation, Inc.	\$19,486,500	Independent
The Community Foundation of Louisville, Inc.	\$12,106,305	Community
The Humana Foundation, Inc.	\$4,203,985	Corporate
Yum! Brands Foundation	\$4,024,858	Corporate
The Gheens Foundation, Inc.	\$3,910,940	Independent
The W. Paul & Lucille Caudill Little Foundation, Inc.	\$3,541,635	Independent
The C.E. and S. Foundation, Inc.	\$3,116,473	Independent
The Ray and Kay Ekstein Charitable Trust	\$2,761,300	Independent
Fischer Family Foundation	\$2,628,150	Independent
The Blue Grass Community Foundation Inc.	\$2,552,979	Community
Total	\$58,333,125	

Source: The Foundation Center

- There were a total of 468 foundations operating in Kentucky in 2009, representing less than 1 percent of all foundations in the United States (Fig. 10).
- Nationally, there were 76,545 foundations in 2009, holding over \$590 billion in assets (down from \$682 billion in 2007), with a combined giving total of over \$50 billion in 2009 (up from \$44 billion in 2007) (Fig. 10).
- In 2009, Kentucky's foundations held assets of over \$1.6 billion and giving totaled over \$113 million (Fig. 10).
- The ten largest Kentucky foundations had nearly \$900,000 in assets in 2009 (Fig. 11).
- The ten largest Kentucky foundations granted nearly \$60 million in 2009 (Fig. 12).

Volunteering in Kentucky

- The dollar value of a volunteer hour in 2010 was \$17.65. (Source: Independent Sector)
- 763,323 Kentuckians volunteered over 80 million hours of service through or for a nonprofit or community organization in 2010 (Fig. 15). The number of Kentuckians volunteering has decreased annually since peaking in 2005.
- 42 percent of Kentuckians volunteer their time with religious organizations, while 22 percent volunteer with educational organizations (Fig. 16).
- When volunteering, most Kentuckians spend their time either doing general labor (28%) or fundraising (28%) (Fig. 17).
- In 2010, Kentuckians volunteered an average of 23.9 hours per year, below the national average or 33.9 average

Figure 15: Number of Kentuckians Volunteering, 2003-2010

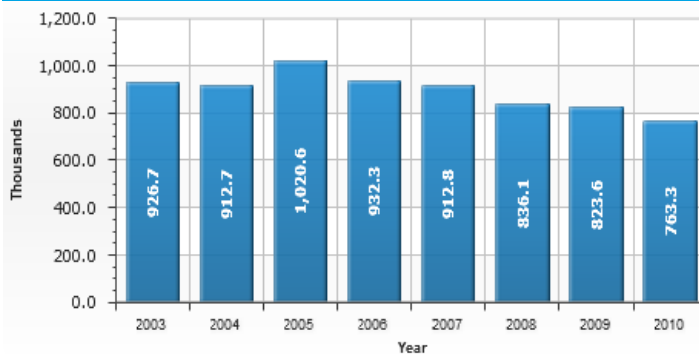


Figure 18: Volunteer Hours Per Resident, 2003-2010

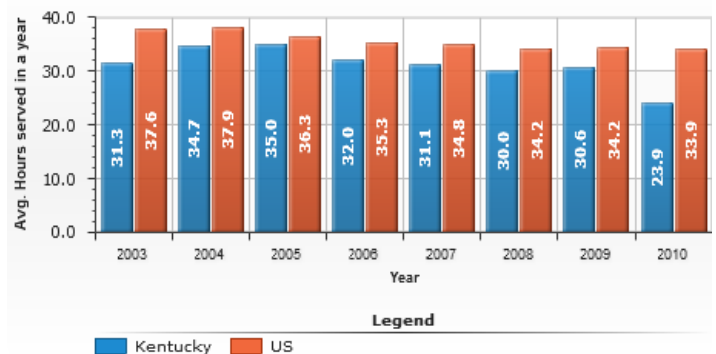
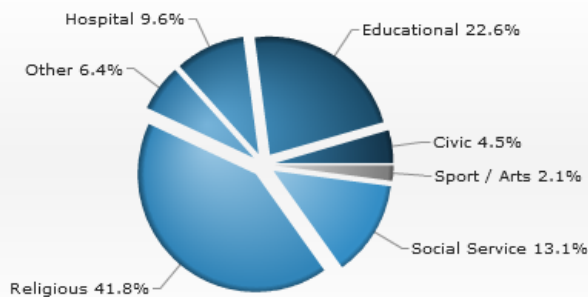
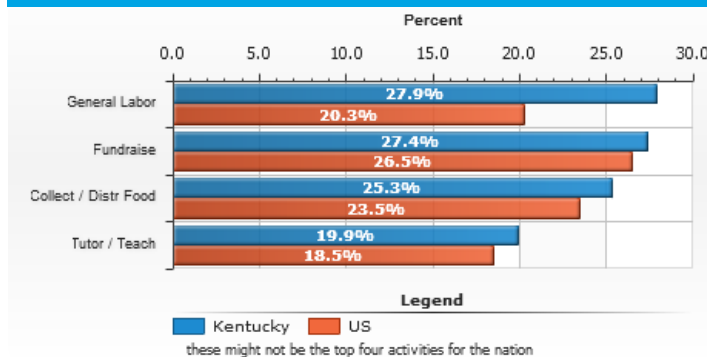


Figure 16: Where Kentuckians Volunteer, 2008-2010



Numbers in the chart may not add up to 100% because of rounding

Figure 17: Top Volunteer Activities, 2008-2010



these might not be the top four activities for the nation



Dollar Value of a Volunteer Hour in
Kentucky, 2010:
\$17.65

Source: Independent Sector



Fast Facts:

- Kentucky's nonprofit sector employs one in ten Kentuckians (Center for Civil Society Studies, Johns Hopkins University).
- The nonprofit workforce is the nation's third largest —15 times larger than the US mining industry and 10 times larger than the US agricultural industry (Center for Civil Society Studies, Johns Hopkins University).
- Expenditures by charitable nonprofits in Kentucky totaled \$22.4 billion in 2010, representing an average increase of nearly 10 percent per year over the past decade (Fig. 3).
- In 2010, there were 13,436 charitable nonprofits in Kentucky registered with the IRS (Fig. 1), reflecting growth of 47 percent over the past ten years (Fig. 3).
- In 2009, the average charitable contributions of Kentuckians was \$926 or 2 percent of adjusted gross income, consistent with the national rate. (Page 9).
- Kentucky's charitable nonprofits received 12 percent of their revenue in 2010 from contributions, gifts and grants, compared to 22 percent nationally (Figs. 6 & 7) .
- Kentuckians volunteered 10 hours less than the national average in 2010 (Fig. 18).

The Kentucky Nonprofit Network is the Commonwealth's association of nonprofits.

Through education, networking opportunities, consulting services and sharing of best practices and resources, KNN serves, strengthens and supports Kentucky's nonprofit sector.

The Kentucky Nonprofit Network provides quality programs and services that encourage nonprofit collaboration, effectiveness, accountability and innovation to strengthen our communities.

Please visit www.kynonprofits.org to learn more.

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

Kentucky Nonprofit Network Advisory Council:

Bill Farmer, United Way of the Bluegrass
Joseph Fink, III, University of Kentucky
Gary Hansen, University of Kentucky
Steve Isaacs, University of Kentucky
Karen Kelly, Operation UNITE
Kim Menke, Toyota Motor Engineering & Manufacturing North America
Greg Mullins, PNC Bank
Foster Ockerman, Jr., Resources in Healthcare Management
Kathy Plomin, Community Volunteer
Al Rider, North Central Education Foundation
John Shasky, Fifth Third Bank
Wendell Strode, National Corvette Museum
Florence Tandy, Northern KY Community Action Commission
Fran Taylor, My Giving Advisor
Neal Vaughan, Community Volunteer

Kentucky Nonprofit Network Staff:

Danielle Clore, Executive Director
Lynda Mae Wilson, Membership & Events Coordinator
Whitney Wilgus, Communications Coordinator