

Kentucky Nonprofits: **MORE THAN CHARITY**

CHARITABLE NONPROFITS' IMPACT ON KENTUCKY'S ECONOMY AND COMMUNITIES

Charitable nonprofits are more than charity — they are employers, service providers, and economic engines for Kentucky communities. As the fourth-largest private-sector employer in the state, charitable nonprofits employ **178,864 Kentuckians**, generate **\$11.9 billion in annual wages**, and contribute **\$32.5 billion in expenditures** benefiting Kentucky's economy. **Nearly one in ten private-sector jobs in Kentucky is at a charitable nonprofit employer.**

Strong charitable nonprofits help Kentucky's workforce, economy, and communities thrive. When charitable nonprofits succeed, Kentucky communities succeed.

Charitable nonprofits provide **critical services in every county across Kentucky and touch the lives of every Kentuckian** — from health care and housing to arts, recreation, and faith-based organizations. Nonprofits help fill gaps that government alone cannot address, ensuring individuals and families across the Commonwealth have access to vital supports.

The majority of charitable nonprofits are small, local organizations, and regardless of their size — organizations across Kentucky are experiencing **increased demand for services** and unprecedented **funding and operational challenges.**

EXPLORE KENTUCKY'S NONPROFIT DATA DASHBOARD

See totals, primary purpose areas, and other key insights — and filter by county or Local Workforce Area.



CHARITABLE NONPROFITS: AN ECONOMIC ENGINE AND MAJOR EMPLOYER

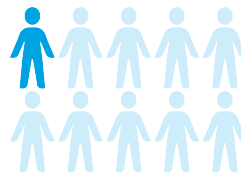
178,864

KENTUCKIANS WORK FOR CHARITABLE NONPROFITS



1 IN 10

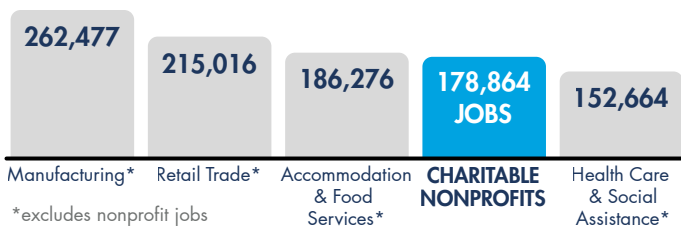
PRIVATE-SECTOR JOBS IN KENTUCKY IS AT A CHARITABLE NONPROFIT



4,735

501(C)(3) CHARITABLE NONPROFIT LOCATIONS WITH PAID EMPLOYEES

WORKFORCE IMPACT



Charitable nonprofits employ nearly 1 in 10 Kentucky private-sector workers, contributing to a healthy workforce and channeling wages and expenditures back into local communities.

ECONOMIC IMPACT

13,965

total charitable nonprofits contribute **\$32.5 BILLION** in annual expenditures, benefitting local economies

Charitable nonprofits with employees pay **\$11.9 BILLION** in wages

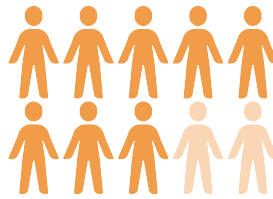
CHARITABLE NONPROFITS: ESSENTIAL TO EVERY KENTUCKIAN

LOCAL NONPROFITS SERVING LOCAL COMMUNITIES

70% of Kentucky nonprofits surveyed operate or provide services locally

Urban Institute. (2026). Nonprofit Trends Tracker. www.urban.org/data-tools/nonprofit-trends-tracker

KENTUCKIANS TRUST CHARITABLE NONPROFITS



Trust in Nonprofits: 81% of voters in the last election — across party lines — trust charitable nonprofits to address vital needs and engage in nonpartisan policy work that effectively serves communities.

Independent Sector. (2025, February 18). New poll: Voters want policymakers to support nonprofits in an uncertain time. www.independentsector.org/resource/new-poll-voters-want-policymakers-to-support-nonprofits-in-an-uncertain-time/

SERVICES KENTUCKIANS RELY ON EVERY DAY

ENSURING FAMILIES HAVE SAFE HOUSING AND ENOUGH TO EAT

- Affordable housing developments
- Homeless shelters and transitional housing
- Senior housing communities
- Housing for individuals with disabilities
- Food banks and community meal programs



PROVIDING ESSENTIAL HEALTH SERVICES

- Rural hospitals and health clinics
- Mental health providers
- Substance use recovery programs



SUPPORTING FAITH AND COMMUNITY CARE

- Churches, synagogues, and faith communities
- Faith-based charities and outreach programs
- Disaster relief and community assistance



STRENGTHENING COMMUNITIES AND CIVIC LIFE

- Community service organizations
- Volunteer and civic groups
- Nonprofit professional associations
- Community leadership programs



HELPING KENTUCKIANS STAY ACTIVE AND CONNECTED

- Summer camps and afterschool activities
- Youth sports leagues
- Local parks and recreation programs



PRESERVING CULTURE AND ENRICHING COMMUNITIES

- Museums and historical sites
- Community theaters and arts groups
- Arts education programs
- Cultural heritage organizations



CHARITABLE NONPROFITS:

- Attract Other Employers & Industries
- Bring Americans Together to Solve Problems
- Build & Strengthen Democracy
- Promote Civic Engagement
- Improve Lives
- Fuel Economic Growth



Across the Commonwealth, Kentuckians rely every day on charitable nonprofits to fill critical gaps. **81% of voters agree nonprofits are trusted government partners in addressing vital community needs.** Powered by local employees, volunteers, and families, nonprofits are neighbors serving neighbors across Kentucky.

#NonprofitsGetItDone



Kentucky Nonprofits: **MORE THAN CHARITY**

CHARITABLE NONPROFITS' IMPACT ON KENTUCKY'S ECONOMY AND COMMUNITIES

STRONG NONPROFITS ARE ESSENTIAL TO STRONG COMMUNITIES

HOW KENTUCKY CHARITABLE NONPROFITS ARE FUNDED

Charitable nonprofits depend on a mix of revenue sources to meet community needs, including program payments, government partnerships, and charitable giving. While philanthropic funding is critical for charitable nonprofits, nearly 9 in 10 nonprofit dollars come from program service income and government partnerships — not donations.

TOTAL KENTUCKY REVENUE - \$33.7 BILLION



Public & Service Revenue - 88%

- **81% \$27.3 billion**
PROGRAM REVENUE
including government contracts and payments for services (e.g., Medicaid reimbursements, tuition, child care, and delivery of public programs)
- **7% \$2.2 billion**
GOVERNMENT GRANTS
- **8% \$2.8 billion**
CONTRIBUTIONS
- **4% \$1.4 billion**
OTHER

Charitable nonprofits are key government partners in delivering services across Kentucky communities.

IRS Business Master Files (BMF) 2012-2025; IRS e-File and Revenue Transaction Files of 501(c)(3) Public Charity Form 990/990-EZ Returns circa FY 2023, via DataLake Nonprofit Research (datalake.net) © 2025, DataLake, llc

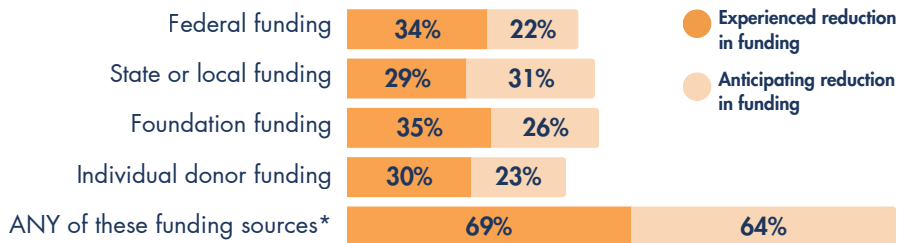
NONPROFITS UNDER STRAIN: RISING DEMANDS AND FUNDING CUTS

77% of KY nonprofits reported anticipating **increased demand** for their services — even as many simultaneously face reductions in key funding sources

45% of KY nonprofits reported that they **could not meet the demand** for their services

56% of KY nonprofits reported an **increase in overall expenses**, adding further strain

2025 FUNDING CUTS REPORTED BY CHARITABLE NONPROFITS



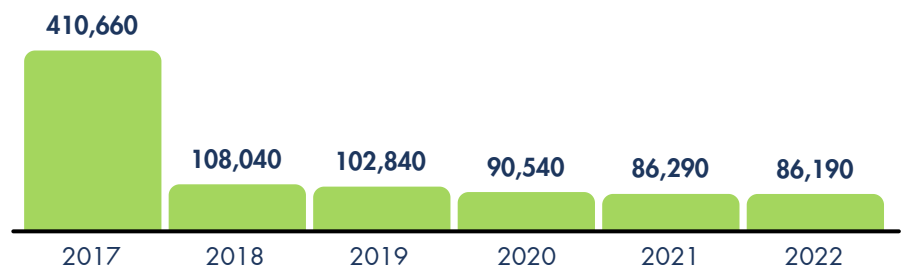
*Percentages exceed 100% because respondents could select more than one funding source. N=404-406 nonprofit leaders

Center for Effective Philanthropy. (2026). A sector in crisis: How U.S. nonprofits and foundations are responding to threats. www.cep.org/report-backpacks/a-sector-in-crisis-how-u-s-nonprofits-and-foundations-are-responding-to-threats/

After the 2017 Tax Cuts & Jobs Act, the number of Kentucky taxpayers claiming charitable deductions declined significantly — particularly among middle and lower-income taxpayers.

Donations and philanthropic grants remain an essential source of flexible funding that helps charitable nonprofits respond to urgent community needs, reach more people, and sustain services.

NUMBER OF KY TAX RETURNS CLAIMING CHARITABLE DEDUCTIONS



IRS, Statistics of Income Division

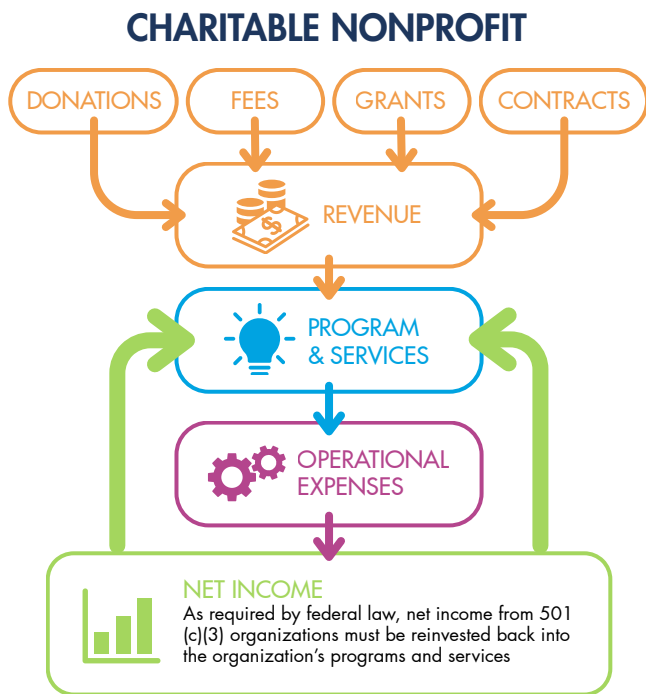
Charitable nonprofit partnerships with government and the private sector are **essential to meeting Kentucky's needs**. Philanthropy alone cannot replace the role of government and earned program revenue in supporting nonprofit services. From veterans support and disaster response to food assistance and job training, nonprofits are neighbors helping neighbors — making sure no one falls through the cracks.

#NonprofitsGetItDone

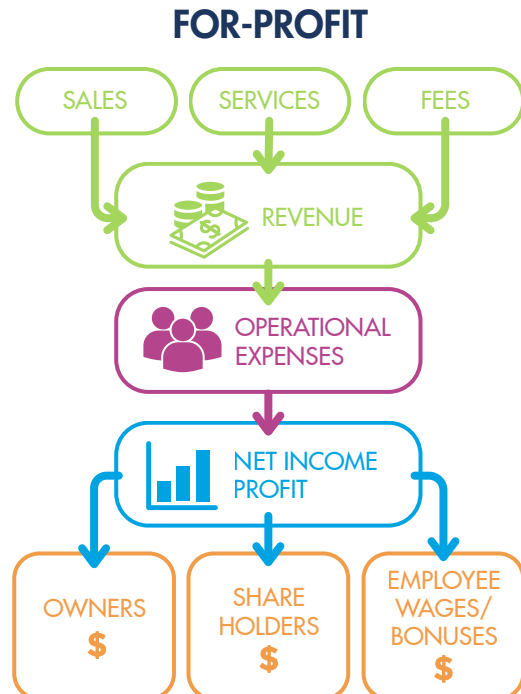


UNDERSTANDING CHARITABLE NONPROFITS

Charitable nonprofits operate differently from for-profit businesses — the purpose is public benefit, not profit distribution.



Charitable nonprofits exist to serve a public mission. By law, **charitable nonprofits must reinvest any surplus revenue into their mission and community services.**



Not all tax-exempt organizations are charitable nonprofits. Understanding the difference helps ensure that charitable nonprofits, which serve public missions, maintain the trust of communities and policymakers.

NOT ALL "NONPROFITS" ARE THE SAME

There are **29 types of 501(c) tax-exempt organizations** — including 501(c)(3), 501(c)(4), and 501(c)(6). Each operates under different IRS rules.

501(c)(3) Charitable Nonprofits:

- May engage in nonpartisan policy advocacy and limited lobbying
- Cannot endorse candidates or political parties
- Donations are typically tax-deductible

71% of KY charitable nonprofits have annual budgets of **less than \$500,000**

80% have annual budgets of **less than \$1 million**

IRS Business Master Files (BMF) 2012-2025; IRS e-File and Revenue Transaction Files circa FY 2023, via DataLake Nonprofit Research (datalake.net) © 2025, DataLake, llc

LEARN MORE AND EXPLORE THE INTERACTIVE DASHBOARD:
KYnonprofits.org/Advocate/MoreThanCharity



Kentucky Nonprofit Network, over 1,200 members strong, advances and strengthens Kentucky's nonprofit sector.

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