GREATER LOUISVILLE
SURVEY OF NONPROFITS

2016

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BROWN-FORMAN
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Brown-Forman is preparing to celebrate 150 years in business, and our roots and commitment to our hometown community run deep. We want the Greater Louisville Area to be the ideal place for our employees to live, work, and raise families. Through financial contributions and employee volunteerism, we are committed to enhancing the stability and vitality of our community, with a focus on ensuring basic living standards, supporting healthy and sustainable living, and enhancing intellectual and cultural living.

As a family-controlled business, Brown-Forman has always been guided by strong values in all that we do, and we recognize the impact that corporate responsibility will have on our future success. We are strategic about how and where we invest our resources, and we strive to create lasting partnerships with area nonprofits. In order to best understand and serve their needs, we consult with our community partners on areas of highest concern and demand in their communities. This ensures that each Brown-Forman contribution or volunteer project will create maximum impact. Brown-Forman has long considered CNPE a trusted community partner and catalyst for nonprofit excellence. We chose to work with CNPE on this vital project because we support their work in seeing and meeting the needs of the community.

The community’s needs are vast, and we must work together to address the challenges that our neighbors face. In order to meet the needs of our community, it is vital to understand the barriers that local nonprofits must overcome to effectively serve their client base. Only then can we successfully implement comprehensive solutions. Brown-Forman is proud to sponsor the first ever Greater Louisville Survey of Nonprofits, facilitated by the Center for Nonprofit Excellence.
One of the many privileges for me and our team at the Center for Nonprofit Excellence is the ability to see the vastness and diversity of our region’s nonprofit sector -- the big picture if you will. It is awe-inspiring to see the many pieces of our social sector and the impact they have on our community in big and small ways each day.

While we at CNPE see the accomplishments and struggles of organizations in real-time, we undertook this ambitious project to provide an objective snapshot of the size, impact, and health of our region’s nonprofit sector.

We identified and measured the key indicators of nonprofit health and excellence, which we determined to be funding, Board composition and performance, and capacity. It is our hope that this report will provide a valuable tool for understanding both the accomplishments and challenges of our nonprofit sector. It is only through understanding the snapshot of our sector today that we can create a vision for what it can be tomorrow!
METHODS

SNAPSHOT OF THE GREATER LOUISVILLE SECTOR
The Center for Nonprofit Excellence (CNPE) limits the geographic parameters of this report as the Louisville, KY-IN Metropolitan Statistical Area (Louisville MSA) as defined by the U.S. Census Bureau. This includes Indiana counties Clark, Floyd, Harrison, and Washington; and Kentucky counties Bullitt, Henry, Jefferson, Meade, Nelson, Oldham, Shelby, Spencer, and Trimble.

All data found in SNAPSHOT OF THE GREATER LOUISVILLE SECTOR were derived by applying the above geographic restrictions upon the IRS Exempt Organizations Business Master File Extract (EOBMF). CNPE accessed and downloaded the Kentucky and the Indiana portions of these files June 20, 2016, thus data reported from this source reflect the state of the files on that date. These files contain information on all nonprofit organizations currently registered with the IRS.

Once downloaded, the state EOBMF data were cut down to include only organizations whose listed billing address was within the Louisville MSA as defined above. Next, the data were reduced further to include only organizations within the Louisville MSA with a subsection code of 3 (i.e 501(c)(3) organizations).

Finally, CNPE removed from the data all organizations which had a reported revenue and income of 0 or less.

BREAKDOWN OF CHARITIES
The data presented in BREAKDOWN OF CHARITIES was gathered through the 2016 Survey of Greater Louisville Nonprofits. The survey was designed by the CNPE team with the help of Mr. Eric Schneider, Coordinator, Office of the Associate Dean for research, Kent School of Social Work at the University of Louisville.

The survey contained 27 questions designed to be answered by executives (CEO/Director, board president) of area nonprofits. This survey was sent to CNPE’s executive contact list, which includes 514 area nonprofit executives. This list includes both members and nonmembers of CNPE.

The survey was active from April 11 to June 6, 2016. It received 180 total responses and 153 complete responses. All responses were sorted to include only organizations within the Louisville MSA and to remove duplicates. Where percentages are used, the number reflects rounding to the nearest whole number.

The data gathered by this survey were sorted and analyzed by the CNPE team, led by VISTA Research Coordinator, Spencer Allen, with the help of Mr. Eric Schneider.

This publication would not have been possible without the AmeriCorps VISTA program.
SNAPSHOT OF THE GREATER LOUISVILLE SECTOR

Greater Louisville nonprofits have ancestral roots in the ministries, but have grown to become vast and impactful in a number of different areas.

Today, the Louisville area’s 2,038 nonprofit organizations account for $10.5 billion in annual revenue, a figure approximately 15% of the gross metropolitan product of the Louisville Area. Since FY 2011, Louisville nonprofit sector revenue has increased by 35%.

NUMBER OF 501(C)(3) ORGANIZATIONS WITHIN THE LOUISVILLE MSA: 2,038

- 981 charities
- 695 foundations/trusts
- 327 churches
- 35 hospitals/hospital related organizations

TOTAL SECTOR REVENUE: $10.5 BILLION

- Hospital Revenue: $7.7 billion
  (Hospital Assets: $9 billion)
- Charity Revenue: $2 billion
  (Charity Assets: $4 billion)
- Foundation Revenue: $769 million
  (Foundation Assets: $5 billion)

(*Source IRS)
BREAKDOWN OF CHARITIES

Though a large share of sector revenue is generated by hospitals, the majority of Louisville’s nonprofits serve the community in other ways. As healers, teachers, protectors, and advocates, nonprofits nurture civic stability. The nonprofit sector develops and protects the cultural adhesion which makes our community possible and worthwhile.
NUMBER OF CHARITIES* IN GREATER LOUISVILLE

YEARLY REVENUE OF CHARITIES* IN GREATER LOUISVILLE

*Does not include foundations, hospitals, schools, and churches.
FUNDING

Funding diversity is an important component to resiliency in the nonprofit sector.

We exist today in an environment of uncertainty regarding state and federal funding. It is imperative that nonprofits secure themselves against likely future cuts by cultivating funding relationships in the private sector and developing contingent revenue streams to fund programs heavily reliant on government dollars.

Because of the volatility of economic and funding sources, it is vital that nonprofit organizations continue to demonstrate, measure, communicate, and articulate their impact.
**SOURCES OF FUNDING RELATIVE TO BUDGET SIZE**

- **Government**: 9%
- **Private Sources**: 20%
- **Programs/Fees**: 26%
- **Other**: 45%

**SOURCES OF REVENUE**

On average, private funding accounts for almost half of nonprofit revenue. As budgets increase, so does the funding share of government and program generated revenue.

**SOURCES OF FUNDING RELATIVE TO BUDGET SIZE**

![Graph showing the percentage of total funding by budget size]
WHAT IS YOUR ORGANIZATION’S BIGGEST EXPENSE CATEGORY?

- **65%** Staff Salary, Wages, and Benefits
- **23%** Program Costs
- **7%** Facilities and Technology
- **5%** Subcontracted Services

WHAT ARE YOUR CURRENT FUNDING PRIORITIES?

1. Overhead and operations (salaries, benefits)
2. Support for specific Programs
3. Developing reserves for long term
4. Flexible capital for organizational change/growth (including impact investing)
5. Facilities (maintenance, upgrade)
6. Leadership/staff professional development
7. Planning and governance
8. Supplies

BENEFITS OFFERED TO FULL-TIME EMPLOYEES OF GREATER LOUISVILLE NONPROFITS

- **85%** Paid Time Off
- **57%** 403(b) or Other Retirement Plan
- **57%** Group Healthcare Plan
- **53%** Dental Plan
- **29%** Paid Family Leave

PROFESSIONAL DEVELOPMENT

85% of nonprofits budget for employee professional development. Of those that don’t, lack of funds is reported as the primary reason. 53% of organizations report that if additional funds were made available, employee professional development would be a priority.
Survey respondents were asked to rate their board’s performance in the categories listed above. Factors such as budget size and board orientation/recruitment demonstrate meaningful increases in reported board performance.
Very little is more important for a nonprofit than an effective board, and board development is a central component of CNPE’s mission. CNPE’s Board development series, ShipShape, offers insights and key learnings that are proven to improve board governance capacity.

**CRITERIA FOR BOARD MEMBER RECRUITMENT**

1. Willingness to give time to the organization
2. Specialized skills (finance, marketing, law, IT, etc…)
3. Access to personal and/or donor resources
4. Prior knowledge of the organization’s mission
5. Relationship with current board members

**PERCENTAGE OF NONPROFIT ORGANIZATIONS ACTIVELY SEEKING NEW BOARD MEMBERS**

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage with Vacancy</th>
</tr>
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<tbody>
<tr>
<td>Arts</td>
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<tr>
<td>Community Development</td>
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</tr>
<tr>
<td>Health</td>
<td>0%</td>
</tr>
<tr>
<td>Human Services</td>
<td>0%</td>
</tr>
</tbody>
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**BOARD DEVELOPMENT**

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PERCENTAGE OF NONPROFIT ORGANIZATIONS ACTIVELY SEEKING NEW BOARD MEMBERS
While consistent with national board representation in gender and ethnicity, Louisville’s nonprofit board representation varies from the overall demographics of Louisville.
Based on the date above, there is divergence in the representation of men and women on boards. Female representation on boards dips significantly in boards with budgets over $1 million or in organizations with more than 10 board members.
Nonprofit capacity refers to the ability of an organization to fulfill its mission and sustain itself. It encompasses many facets, including resources, personnel, information technology, marketing and communication. With greater demand for the services provided by charities than ever before, funding for capacity building remains both a challenge and a need.

Nonprofit organizations in Greater Louisville are growing to meet the additional need, with 59% reporting that they expanded services in FY 2015. However, the sector is clearly experiencing a financial strain in doing so, as 34% of nonprofits ended the fiscal year with a deficit.
COLLABORATION

Collaboration, rather than competition, is the model for creating excellence in the nonprofit sector. Through collaboration, nonprofits efficiently operate programs, steward resources, and advocate for common interests.

NONPROFITS IN GREATER LOUISVILLE COLLABORATE...

- **60%** to obtain funding for programs
- **23%** in sharing staff with another organization
- **41%** in sharing space with another organization
- **59%** to advocate on behalf of clients
- **24%** to reduce administrative expenses
- **31%** to reduce program expenses
- **58%** to increase program efficiency or effectiveness
Strong public trust is an essential factor in nonprofit excellence. A 2015 poll from The Chronicle of Philanthropy found that nationally, 1 in 3 Americans lacks faith in charities. Successful and sustainable organizations build and retain this public trust through integrity and accountability, in both policy and practice.

The graphic below shows the percentage of Greater Louisville nonprofits which actively make use of policies and practices which CNPE regards as vital to nonprofit excellence.

**INDICATORS OF EXCELLENCE**

MEASURING OUTCOMES

Though 74% of organizations report having a process for measuring outcomes or impact of their programs, 79% say that their outcomes measurement process needs improvement of some kind.
CONCLUSION

Overall, the health of our nonprofit sector here in Greater Louisville is strong. We are expanding, growing, healing, beautifying, strengthening, sustaining, and learning in our community every day. The data we’ve gathered gives us a clearer vision of areas that still require our attention. These areas include resource development, Board diversity and performance, as well as meaningful outcomes measurement and program evaluations. It is only by acknowledging these areas that we can achieve even further excellence.

Here at the Center for Nonprofit Excellence, we’ve made it a priority to use the data collected from this report to frame our future programs and services. These include:

• CNPE annually offers over 70 different learning events tailored to the needs of nonprofit leaders and organizations. These include three flagship professional development programs and longstanding partnerships with renowned entities such as the Lilly Family School of Philanthropy.

• CNPE Consulting enables organizations to work one-on-one with an experienced consultant in areas such as strategic planning, Board governance, the facilitation of impactful conversations, and so much more.

• CNPE’s ShipShape Board Development Series offers insights and key learnings that are proven to improve board member governance capacity. Offered twice per year (Spring and Fall), sessions focus on critical topics including the Board’s role in defining mission, vision, and values; generating critical resources to support the mission; and providing appropriate oversight that ensures organizational excellence.

• BoardMatch is an innovative web-based tool created by CNPE to match individuals interested in nonprofit Board service with organizations that are seeking Board members. This tool is free for individuals to use and has a goal of creating access to Boards for more community members and greater diversity in Board representation for organizations.

CNPE stands with our sector as a convener, a catalyst, and a collaborator for nonprofit excellence. We are proud of the accomplishments of our nonprofit sector and envision countless exciting possibilities for our community with these healthy, strong, and vibrant organizations working tirelessly for a brighter tomorrow.
SOURCES

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