



# Nonprofit Sector Survey Report



# Introduction



**M**easuring and understanding the impact of nonprofit organizations on their communities is a challenging task. Individual charitable organizations vary from many that have no paid staff to those with hundreds of employees and multimillion-dollar operating budgets. Nonprofits also operate in widely disparate categories of services, such as health, arts or human services; and consequently the outcomes of their activities may be measured in different ways. But when the revenues, budgets and services of all nonprofits are considered in total, it is apparent that the nonprofit sector is a substantial part of the economy in Louisville and similarly sized communities. Charitable organizations likewise have a major impact on the quality of life in these cities, and on their opportunities for growth and abilities to adapt to changes in economic and social circumstances.

In 2008 the Center for Nonprofit Excellence produced the *Nonprofit Peer City Study* to determine what variations existed in the nonprofit sector in Louisville compared to 14 peer cities. This report expands upon the findings of the original study by incorporating survey data from Louisville area nonprofits in addition to updating the 501(c)(3) public charity organizations data used in the 2008 report. The survey data cover topics such as Board Membership, Fund Development, Planning, Human Resources and Measuring Outcomes. These data offer insights into the operations and challenges facing nonprofits in the Louisville area.

Recently, other studies have examined the nonprofit sector in Kentucky and some of Louisville's peer cities using the National Center for Charitable Statistics (NCCS) data. Specifically, the Kentucky Nonprofit Network has released a series of annual reports that include information about charitable organizations statewide and for individual Kentucky counties. Another report, *Non-Profit Presence in Cincinnati MSA*, was produced in 2011 by the Center for Economic Analysis and Development at Northern Kentucky University and included Louisville among the five comparison cities in the study. This 2012 Center for Nonprofit Excellence report adds to the growing knowledge base about the nonprofit sector in our region and provides opportunities for developing strategies to support the success of these charitable institutions.



# Executive Summary



A family proudly takes pictures of the first-ever college graduate in their family. An abused child wakes up in a place of love and safety. A couple stands to applaud as they see their favorite opera through unsuccessfully restrained tears. Neighbors breathe in cleaner air in the city's West End. A child's life is saved through miraculous medical care. People marvel at the cast iron facades of the buildings on Main Street. A neglected dog snuggles with his new owner, a boy who will learn he will never have a more faithful friend.

These are the real results achieved through the nonprofit sector, working hand-in-hand with the business and governmental sectors, with the support of people who give their time and treasure for a better community.

While this study conducted by the Center for Nonprofit Excellence (CNPE) cannot fully capture the true collective impact of the work accomplished by Louisville's nonprofits, it does provide a picture of where the nonprofit community in the region currently stands and where it is going.

The *Peer City Nonprofit Study 2012* presents two very specific sets of data – one that analyzes Louisville's position among its fourteen other peer cities and another that provides a milestone assessment of Louisville nonprofit policies and practices.

It is increasingly well understood that the nonprofit sector has a place of growing significance in today's economy. The Urban Institute reports that in 2010, nonprofits in the United States paid \$587.7 billion in wages to 13.7 million people, nine percent of the country's labor force.

The economic importance of the nonprofit sector is equally or more significant in the Louisville area, with \$7.8 billion in revenue. That places it sixth highest in unadjusted total revenue among the 15 peer cities studied, and it is roughly 13.2% of the \$59 billion GDP generated in the Louisville region in 2010.

Louisville area hospitals make up over half of nonprofit revenue locally. When compared to the peer cities in the study, the Louisville region's hospitals rank second in revenue generated per hospital and fourth highest in dollars per resident. Clearly, there is a downside to exceptionally high levels of spending for healthcare at the hospital intervention level, since this is the most expensive stage of healthcare administration. On the other hand, having top levels of medical care and expertise within the region is a favorable circumstance.

Excluding hospitals, area nonprofits ranked fourth highest in revenue per organization and seventh highest in dollars per capita. The Louisville area ranks only 12th of the 15 peer cities in the number of nonprofits per resident.

The local study of area nonprofits shows that larger nonprofits tend to be older, more established and better able to financially withstand economic challenges – making them more sustainable.



**It is clear that there is an economically robust sector in Louisville and southern Indiana, with larger nonprofits on average than the peer cities. Signs of returning strength emerged in 2011 with most area nonprofits in the study reporting revenue increases.”**

How do we know that local nonprofits are making a difference? Are they, in the main, fiscally accountable, effective in carrying out their objectives, and governed in ways that assure ethical management and community improvement? How well do they work together for the community good, to engage citizens in ways that help them reach their full potential and, in so doing, make our region competitive and vibrant?

These are the core issues into which this study sought to gain perspective and insight.

It is clear that there is an economically robust sector in Louisville and southern Indiana, with larger nonprofits on average than the peer cities. Signs of returning strength

emerged in 2011 with most area nonprofits in the study reporting revenue increases. The larger the organization, the more likely its budget grew in 2011. With the region having more than its proportionate share of larger organizations, this places a good many nonprofits in a seemingly competitive advantage, especially in a sluggish economy.

With projected resource scarcity for the sector, “collaboration” continues to be the mantra for the way forward. Louisville and southern Indiana nonprofits reported relatively encouraging levels of sharing administrative services (25%) and administrative staff (12%).

A very special thanks is extended to Eric Schneider, the lead consultant on the combined studies contained in this report. Sara Renn was the team’s lead researcher and was assisted by Morgan Eklund, Alexander Narang and Lisa Van Coppenelle, who worked as VISTA volunteers and graduate interns with CNPE.

Special appreciation is extended to the Brown-Forman for their support of CNPE’s capacity building programs that their premier company has sponsored, including support for this project. Many nonprofit organizations whose stories are told among these pages would certainly join us in that salute.

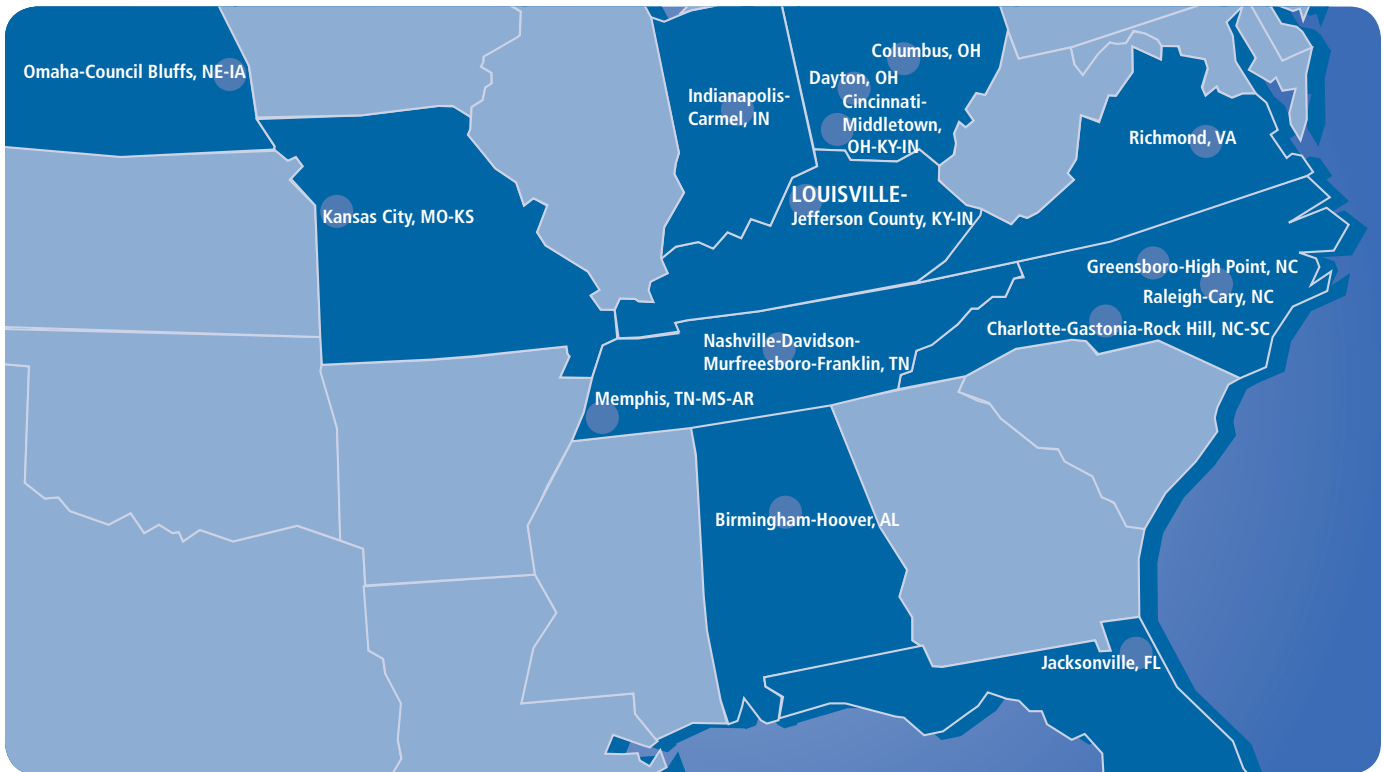


# Peer Cities

Louisville’s peer cities include Metropolitan Statistical Areas (MSAs) that exhibit similar characteristics in population density and regional economic ties. Peer Cities are thus established as benchmarks and comparison points for urban growth. Benchmark studies conducted

by Greater Louisville Inc (GLI), the Greater Louisville Project, and the Brookings Institution, among others, have looked at Louisville and its fourteen peer cities to determine Louisville’s standing in key indicators tied to economic well-being. The 15 MSAs included in this study are:

- Birmingham-Hoover, AL
- Greensboro-High Point, NC
- Memphis, TN-MS-AR
- Charlotte-Gastonia-Rock Hill, NC-SC
- Indianapolis-Carmel, IN
- Nashville-Davidson-Murfreesboro-Franklin, TN
- Jacksonville, FL
- Cincinnati-Middletown, OH-KY-IN
- Kansas City, MO-KS
- Omaha-Council Bluffs, NE-IA
- Columbus, OH
- LOUISVILLE-JEFFERSON COUNTY, KY-IN**
- Raleigh-Cary, NC
- Dayton, OH
- Richmond, VA



These fifteen MSAs share population and geographic characteristics. The population size ranges from 841,310 (Dayton, OH) to 2,133,203 (Cincinnati-Middletown, OH-KY-IN), according to 2010 Census figures. A majority of the MSAs are geographically located within the lower Midwest, South Central, Central, and Mid-Atlantic states, where all fifteen cities span eleven different states. The fifteen peer cities reside within two Midwestern states (Indiana, Ohio), three Central states (Nebraska, Missouri, Kansas), two Mid-Atlantic states

(North Carolina, South Carolina) and four Southern states (Alabama, Kentucky, Florida, Tennessee).

Six of the fifteen MSAs are multi-state geographies. Those MSAs include: Charlotte-Gastonia-Rock Hill, NC-SC; Cincinnati-Middletown, OH-KY-IN; Kansas City, MO-KS; Louisville-Jefferson County, KY-IN; Memphis, TN-MS-AR; and Omaha-Council Bluffs, NE-IA. Among these multi-state geographies, Louisville-Jefferson County, KY-IN, has the second lowest population, with 1,283,566 residents.

## MSA Comparison Data

The Center for Nonprofit Excellence collected data for the comparison of 15 Metropolitan Statistical Areas to determine Louisville's standing relative to its counterparts in key indicators linked to nonprofit sector size and scope.

All data were retrieved from the National Center for Charitable Statistics (NCCS)<sup>1</sup> with the exception of volunteering data (Volunteering in America). NCCS derived its data from Internal Revenue Service reporting by tax-exempt nonprofit organizations. "The data produced by NCCS are intended for use by researchers and policy-makers in their quantitative analyses, and as a springboard for more in-depth survey or case study research."<sup>2</sup>

To compare the 15 MSAs in number of nonprofits and total revenue, CNPE accessed IRS Business Master Files (BMF), December 2011, on the NCCS site. The BMF reported 2,379 501(c)(3) public charities throughout the Louisville MSA in 2011 that filed a Form 990, 990-EZ, 990-PF and 990-N ePostcard.

The BMF is a cumulative file that includes basic information from IRS Forms 1023 and 1024 for all "active" and registered tax-exempt organizations.

NCCS data are classified using the National Taxonomy of Exempt Entities-Core Codes (NTEE-CC). This is a hierarchical system of mixed notation with 655 centile level codes, collapsible into 26 major groups, collapsible into 12 broad categories.

The study looked at these Broad Categories:

- Arts, Culture, and Humanities
- Health, Hospitals
- Health, Other
- Human Services
- Education (Higher & Other)



# Methodology

## MSA Revenue Sources

The source for Revenue Sources data was also from NCCS's IRS Core Public Charities Files, Circa 2010. The Core Public Charities Files are based on the IRS's annual Return Transaction Files (RTF) and contain data on all 501(c)(3) organizations that file a Form 990 or Form 990-EZ as required. The nonprofits profiled in this data have more than \$25,000 in gross receipts but do not include churches or congregations.

## MSA Data on Average Giving and Adjusted Gross Income

The data collected on Average Giving and Adjusted Gross Income (AGI) for this study were collected from NCCS. The AGI and charitable giving data was reported on IRS tax return Form 1040, Schedule A, by households that itemized deductions and existed within NCCS's IRS Tax Return Summary Files. The most recent aggregated data for Average Giving and Adjusted Gross Income were dated 2008. NCCS provided calculated averages on AGI and individual giving amounts by county and by state. The reported numbers were further calculated for the entire MSA by averaging the data within each of the counties that comprised the MSAs.

## Louisville Area Nonprofit Report

This report was created to gather information about the Louisville Metropolitan Statistical Area's (MSA) nonprofit sector. The Center for Nonprofit Excellence consulted with partners during the creation of an extensive survey to gather demographic information.

The survey covered nine categories and 63 questions. The nine categories were: Demographics, Board of Directors, Fund Development, Finances and Accreditation, Formal Collaboration, Results: Outputs and Outcomes, Human Resources, Planning and Advocacy.

Links to the online survey were posted on the Center for Nonprofit Excellence web site, and notices requesting participation were sent via email to 677 Executive Directors/CEOs of Louisville MSA nonprofits for whom CNPE had contact information. Additionally, 798 postcards were mailed to nonprofits in the Louisville MSA for whom addresses could be obtained from IRS data. These two primary methods of communicating the survey reached approximately 1,210 nonprofits throughout the Louisville MSA. Efforts to boost participation rates

included a second mailing of postcards and reminder phone calls to organizations for which phone numbers were available. The survey was available to participants for a six-week period in June and July 2012, and 209 organizations completed at least part of the survey. Respondents were allowed to skip questions, so not all questionnaire items will have the same total of responses.

The survey focused on 501(c)(3) public charity organizations that reported over \$25,000 in gross receipts in the latest reporting year but was not exclusive to those organizations. Participating nonprofit organizations were those classified by the Internal Revenue Service as operating solely for purposes that are "charitable, religious, educational, scientific, literary, testing for public safety, fostering national or international amateur sports competition, and preventing cruelty to children or animals."<sup>3</sup>

## Volunteering In America

Volunteer data were gathered from the Corporation for National and Community Service's (CNCS) Volunteering in America website. The data were from 2008 to 2010 and reported average hours of volunteer work per capita by MSA. Data on the financial contribution of volunteering and total number of volunteers and volunteer hours were computed by the CNCS.

1 National Center for Charitable Statistics, [nccs.urban.org](http://nccs.urban.org).

2 *Guide to Using NCCS Data*. August 2006. National Center for Charitable Statistics.

3 Internal Revenue Service (August 3, 2012). Exempt Purposes – Internal Revenue Code Section 501(c)(3). Internal Revenue Service. January 2013. [http://www.irs.gov/Charities-&Non-Profits/Charitable-Organizations/Exempt-Purposes—Internal-Revenue-Code-Section-501\(c\)\(3\)](http://www.irs.gov/Charities-&Non-Profits/Charitable-Organizations/Exempt-Purposes—Internal-Revenue-Code-Section-501(c)(3))





# Louisville's Nonprofit Sector



The 2010 Census reported a total population of 1,283,566 for the Louisville Metropolitan Statistical Area (MSA). The entire MSA includes 2,379 registered and active nonprofit public charities across its thirteen counties. Those counties include the Kentucky counties of Bullitt, Henry, Jefferson, Meade, Nelson, Oldham, Shelby, Spencer, Trimble and Washington and the Indiana counties of Clark, Harrison and Floyd.

Louisville ranks ninth in total population among the 15 peer cities in the study. Similarly, its number of nonprofits also ranked ninth among other MSAs. The total revenue reported by Louisville's 2,379 active and registered 501(c)(3) public charities in fiscal year 2011 was over \$7.8 billion.

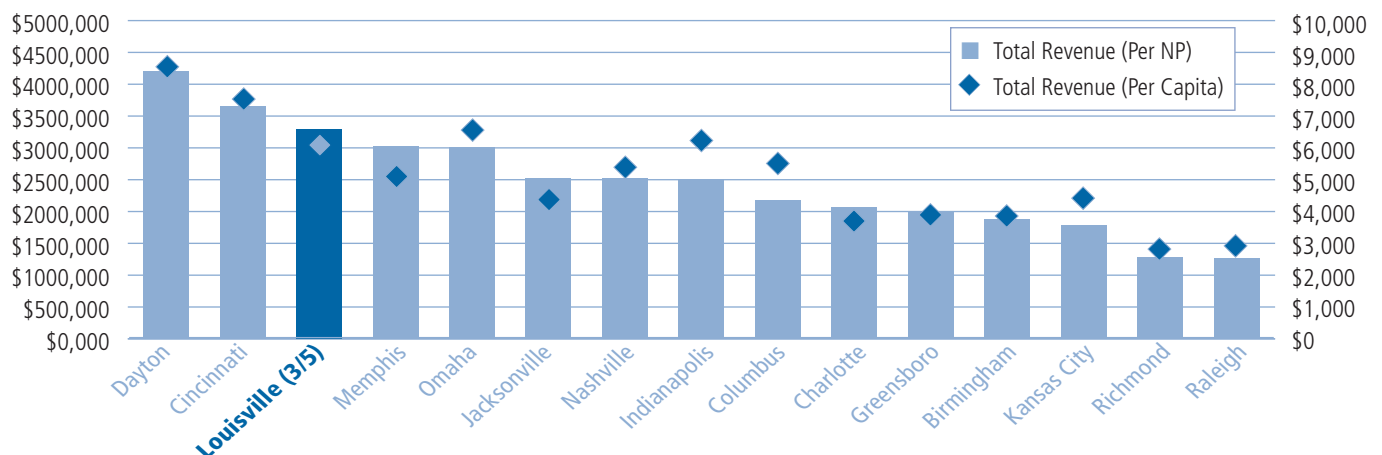
This total included all hospitals and the revenue generated by those entities. Despite being ninth in population and nonprofit size, Louisville's \$7.8 billion places it sixth highest in unadjusted total revenue among the 15 peer cities. Additionally, the ratio of Louisville nonprofits to population positions Louisville 12th out of the 15 peer cities with one nonprofit for every 540 people.

Looking further at total revenue in Louisville and its peer cities, amounts were adjusted for population and for total number of nonprofits in the sector. Adjusting the sums for these two variables helps to account for the varying population sizes of MSAs and the number of nonprofits within a community. These adjusted levels further aid in analyzing relative comparisons between MSAs that may seem very different in size. Looking at total revenue as it relates to the number of nonprofits offers a picture of the average budget size of organizations. On the other hand, looking at revenue on a per capita level suggests how widely nonprofits invest money and services into the community and vice versa.

The total revenue figure of \$7.8 billion for Louisville includes all nonprofit sectors and hospitals. This revenue level places Louisville sixth among the 15 peer cities despite having a population that ranks it ninth. Further, the adjusted total revenue for total number of nonprofits and total population put Louisville third and fifth, respectively. Louisville's nonprofits rank decidedly higher in revenue levels than their size suggests.

MSA	Population (2010 Census)	Nonprofits including hospitals
Birmingham	1,128,047	2,311
Charlotte	1,758,038	3,133
Cincinnati	2,130,151	4,406
Columbus	1,836,536	4,648
Dayton	841,502	1,715
Greensboro	723,801	1,404
Indianapolis	1,756,241	4,366
Jacksonville	1,345,596	2,323
Kansas City	2,035,334	5,042
<b>Louisville</b>	<b>1,283,566</b>	<b>2,379</b>
Memphis	1,316,100	2,217
Nashville	1,589,934	3,405
Omaha	865,350	1,891
Raleigh	1,130,490	2,612
Richmond	1,258,251	2,760

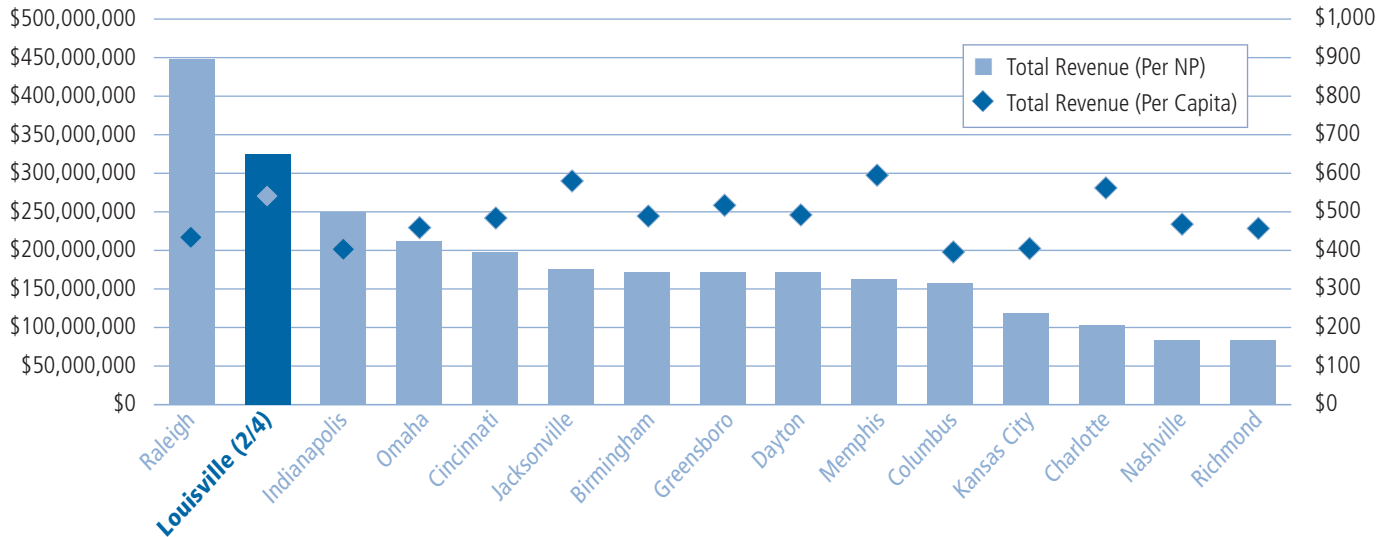
## Total Nonprofit Revenue (including hospitals)





# Louisville's Nonprofit Sector

## Total Hospital Revenue



To get a sense of how much hospital revenue contributes to the entire nonprofit sector's total revenue, total hospital revenue is isolated and adjusted by number of hospitals and residents. In many cases a few hospitals can disproportionately skew data on an MSA's nonprofit sector by presenting a large concentration of revenue among a few large institutions. Louisville's MSA reported a total of 13 hospitals that generated \$4.2 billion in total revenue for 2011. That amount represents 54% of Louisville's entire nonprofit revenue total. On average, Louisville's hospitals brought in revenue of about \$325 million each annually – ranking it second among its peer cities. Hospital revenue per capita was about \$540 – ranking it fourth among its peer cities.

**Louisville ranked second in the average revenue raised by hospitals among all 15 peer cities. Louisville's hospitals total only 13 in number but generate 54% of the entire nonprofit sector's revenue. On average, Louisville hospitals bring in about \$325 million annually.**

Despite the relatively small number of hospitals in Louisville, the revenue they generate exceeds size expectations. With 13 hospitals, Louisville ranks 11th out of 15 in total number of hospitals yet Louisville

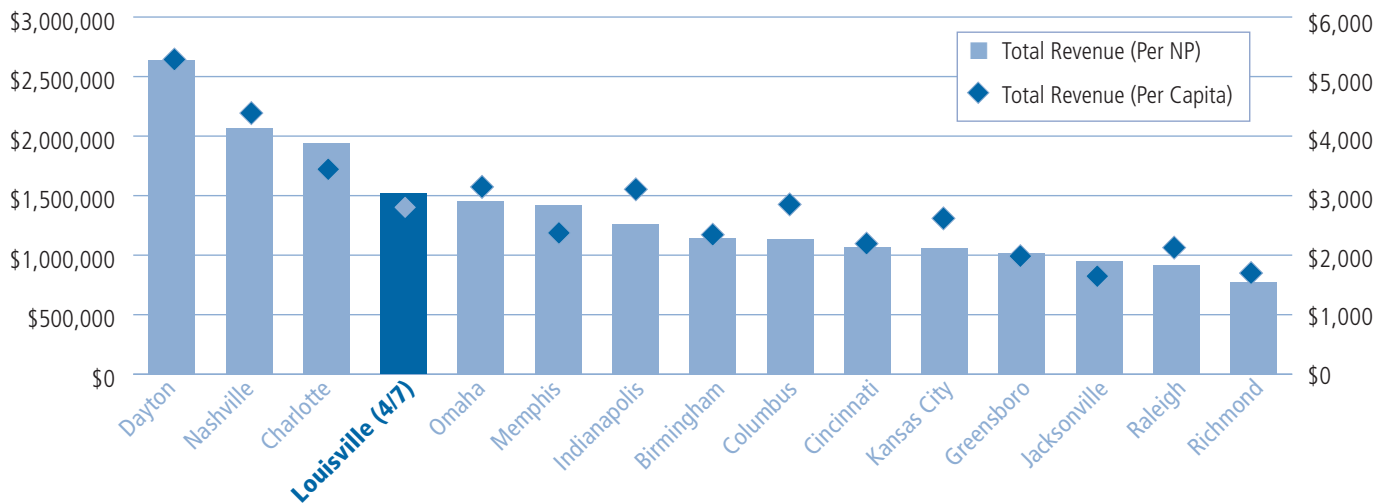
still ranks second in total revenue – adjusted for both, the city ranked relatively high among its peer cities in hospital revenue. Other cities like Cincinnati (58 hospitals), Columbus (31), and Kansas City (31) were the top three among the MSAs in the total number of hospitals but ranked only as high as fifth (Cincinnati) in adjusted hospital revenue. Columbus and Kansas City, with 31 hospitals in each of their MSAs, rank 11th and 12th, respectively, when looking at average revenue per hospital. The total number of hospitals in the MSA did not directly correspond with adjusted revenue amounts.

To get a picture of the Louisville nonprofit sector without the significant contribution of its hospitals, total revenue excluding hospitals was also measured for Louisville and its peer cities. The total revenue of Louisville's nonprofit sector after removing hospital revenue totaled approximately \$3.6 billion in 2011. As previously stated, hospital revenue comprised 54% of Louisville's total nonprofit revenue.

To measure how Louisville compares with other peer cities without the contribution of its hospital industry, total nonprofit revenue excluding hospitals was measured. Despite removing such a large portion of its total revenue levels by subtracting hospital revenue, Louisville retained its rank of fourth among its peer cities when adjusting total revenue for number of nonprofits. Louisville dropped from fifth to seventh in looking at total revenue in relation to total population. The average Louisville nonprofit generated about \$1.5 million in revenue in 2011 and took in approximately \$2,800 per resident.

# Louisville's Nonprofit Sector

## Total Nonprofit Revenue (excluding hospitals)



Louisville's rankings among its peer cities remained relatively consistent with the addition and removal of hospital revenue from the total revenue amount. Other MSAs, however, dramatically dropped in ranking when hospital-generated revenue was removed from the total revenue of the overall nonprofit sector. For instance, Cincinnati, with the highest total population, fell from second in total revenue, adjusted per capita, to 11th when hospital revenue was removed. Such was also the case with Raleigh, which averaged higher revenue levels for hospitals than any other MSA. Raleigh ranked first

in total hospital revenue (per hospital), but by removing hospitals from its total revenue levels, Raleigh ranked 14th in average revenue per nonprofit.

Even though Louisville's hospitals contribute significantly to the MSA's overall revenue totals, its whole nonprofit sector is not heavily dependent on revenue from a single source. Other nonprofit subsectors, including Human Services, Education, and non-hospital health nonprofits also contribute significant revenue to the community. These specific data are presented later in the study.



# Louisville's Nonprofit Subsectors

Nonprofit organizations were classified into different subsectors based on tax-exempt purposes. The nonprofit subsectors profiled in the comparison between Louisville and its peer cities included Arts, Culture, and Humanities; Education (Higher and Other); Health (Other/Non-Hospital); and Human Services. In Louisville, these four subsectors represented 72% of its total non-hospital nonprofits. Across all of the peer cities, these four subsectors comprise, on average, 69% of the entire nonprofit sector.

The MSAs generating the highest total revenue in each of the subsector categories significantly exceeded their peer cities. Factors such as sizeable community investment via foundations and public entities were the most noteworthy influences on the high levels of total revenue relative to other peer cities. The cities of Charlotte, NC (Human Services), Nashville, TN (Education), Dayton, OH (Health), and Omaha, NE (Arts, Culture, and Humanities) ranked first among peer cities in total revenue levels in each of the indicated subsectors for both adjusted and non-adjusted figures.

In Louisville, these four subsectors comprised not only 72% of the total nonprofits but also 93% of total nonprofit revenue excluding hospitals. Of the approximately \$3.6 billion in total revenue generated by non-hospital nonprofit organizations in 2011, over \$3.3 billion was generated by those nonprofits in the subsectors of Health (Other), Human Services, Arts, and Education. The Arts, Culture, and Humanities nonprofits

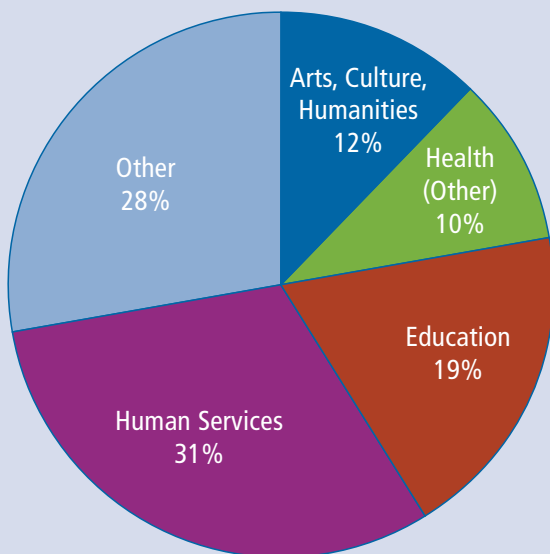
accounted for the least amount of revenue proportional to their distribution within the entire sector with just 3% of the total revenue. Health (Other) nonprofits, on the other hand, generated the greatest amount of revenue relative to their size in the sector with only 10% of nonprofits in that subsector producing 46% of total non-hospital nonprofit revenue.

**Louisville consistently ranks higher in revenue totals than its population and nonprofit size would suggest in every category of nonprofits (Arts, Education, Health, Human Services)**

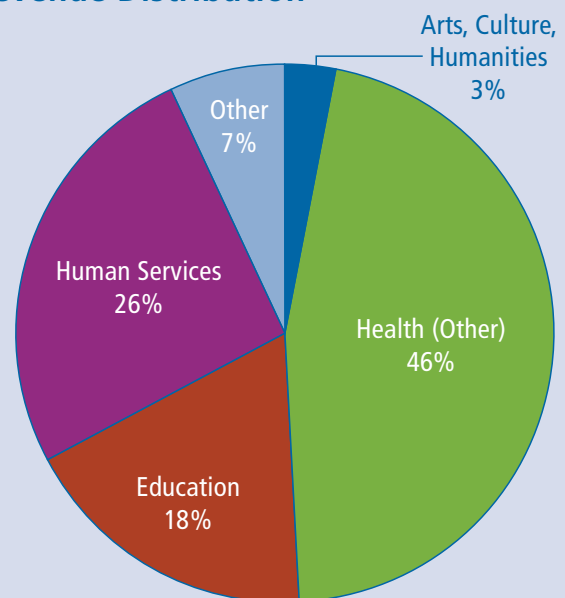
A significant portion of Louisville's nonprofits were also represented in the sectors of Religion and Public and Societal Benefit, 8% and 13% respectively. Accumulated data on the revenue totals of religion nonprofits were not available, however, since those groups were not required to file the annual IRS Form 990, 990-EZ, 990-PF or 990-N ePostcard.

**Louisville's positioning in each of the subsectors highlighted in the study consistently demonstrates a ranking among its peer cities higher than population and nonprofit size would suggest. These measures, based on total revenue, reveal how each subsector of nonprofits supports the whole.**

**Sector Distribution by Number of Nonprofits**



**Revenue Distribution**



# Louisville's Nonprofit Subsectors

## Health (Other)

Louisville's health institutions made up the largest portion of its total revenue among all nonprofit organizations. Louisville's hospital revenue alone made up 54% of total nonprofit revenue, while nonprofits classified as Health (Other) made up 46% of total non-hospital revenue. The \$4.2 billion generated through hospital revenue in 2011 also totaled more than the aggregate revenue of all other nonprofits during that same fiscal year (\$3.6 billion). The only other cities where hospital revenue was greater than the combined revenue of all non-hospital organizations were Cincinnati, Indianapolis, Jacksonville, Memphis and Omaha.

MSA	Health, Other as % of Total Nonprofits	Health, Other Revenue % of Total Revenue
Birmingham	10%	37%
Charlotte	9%	5%
Cincinnati	10%	40%
Columbus	9%	23%
Dayton	9%	65%
Greensboro	10%	21%
Indianapolis	9%	29%
Jacksonville	11%	33%
Kansas City	9%	30%
<b>Louisville</b>	<b>10%</b>	<b>46%</b>
Memphis	9%	42%
Nashville	9%	17%
Omaha	10%	18%
Raleigh	10%	14%
Richmond	10%	34%

The distribution of Health (Other) nonprofits in the peer cities all fell within the range of 9%-11% of the total nonprofit sector. However, the percentage of total revenue that was derived from Health (Other) nonprofits ranged from 5% (Charlotte) to 65% (Dayton). Louisville ranked second behind Dayton with 46%.

**Louisville's number of health nonprofits, excluding hospitals, make up only 10% of the sector but contribute 46% of total sector revenue. Levels totaling more than \$1.6 billion rank Louisville second among peer cities in non-hospital health revenue.**

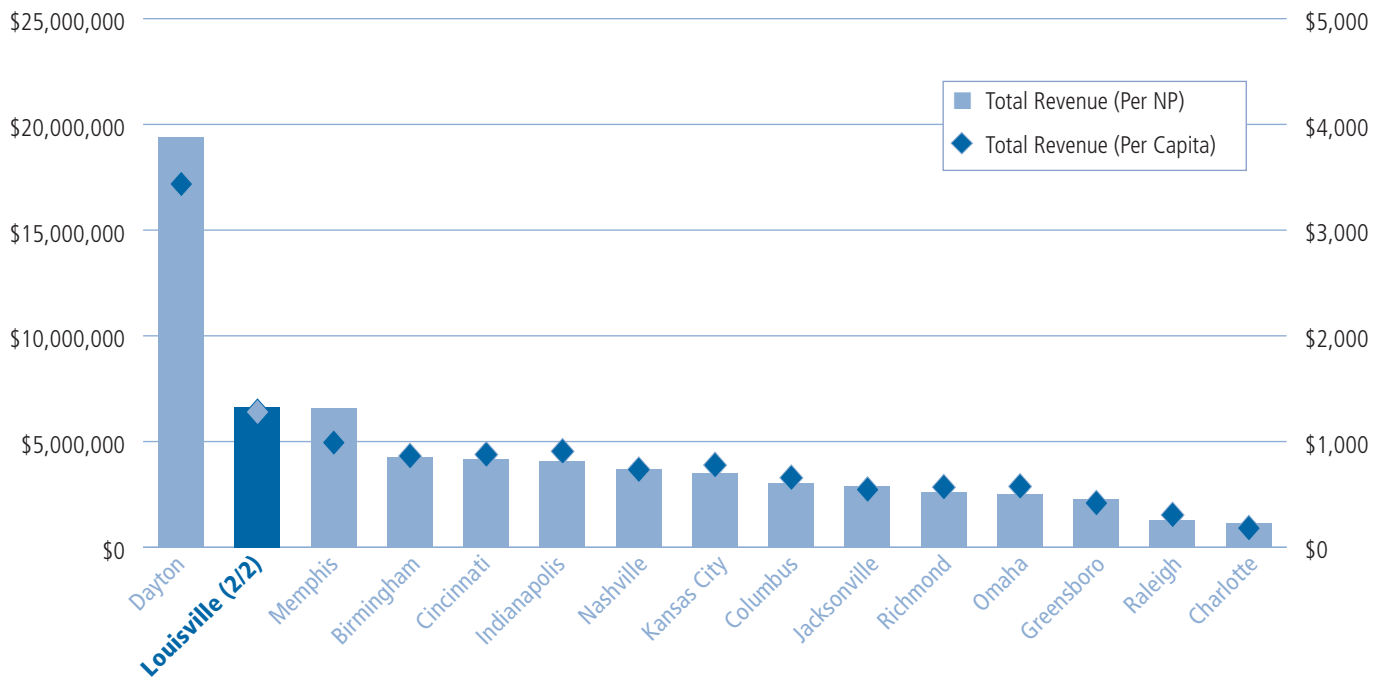
**In 2011, active and registered health-related nonprofits in the Louisville MSA totaled 247, about 10% of the total nonprofit sector. Their combined revenue totaled more than \$1.6 billion that year.** Those figures brought the average Louisville health-related nonprofit revenue to approximately \$6.7 million. Those same figures adjusted for Louisville's total population averaged \$1,277 per resident. **Both figures ranked Louisville second among the peer cities.**

In the other three subsectors (Arts; Human Services; Education) some cities ranked significantly differently between adjusted totals for nonprofits vs. per capita breakdowns. However, the graph on the following page shows that rankings based on the health revenue totals adjusted for number of nonprofits and population did not vary significantly. The data points for both levels – revenue per nonprofit and revenue per resident – showed a steady downward curve. Cities retained a similar ranking or moved only a couple spots between total revenue per nonprofit and total revenue per resident. The chart (at left) helps to explain the low variance in total revenue per nonprofit by showing that all peer cities fell within the range of 9% to 11% of health nonprofits making up the sector. In Education, there was a 13% variation between some cities in the size of the subsector making up the whole sector.

Much like the other major nonprofit subsectors highlighted, the leading city's total revenue level radically exceeded that of the second highest. Dayton's total revenue per nonprofit averaged an astounding \$19.4 million while per capita totals equaled \$3,434. With 149 total health nonprofits in Dayton, those organizations represented 9% of the total nonprofits but generated 65% of the total sectors' revenue. Upon further investigation and data collection, it was found that Dayton's high level of revenue can be attributed to a single nonprofit agency in the Dayton MSA called Caresource. In 2011, Caresource reported gross receipts of \$2.4 billion (NCCS). That total represents over 75% of the entire Health (Other) revenue in the MSA.

# Louisville's Nonprofit Subsectors

## Total Revenue (Health, Other)



# Louisville's Nonprofit Subsectors

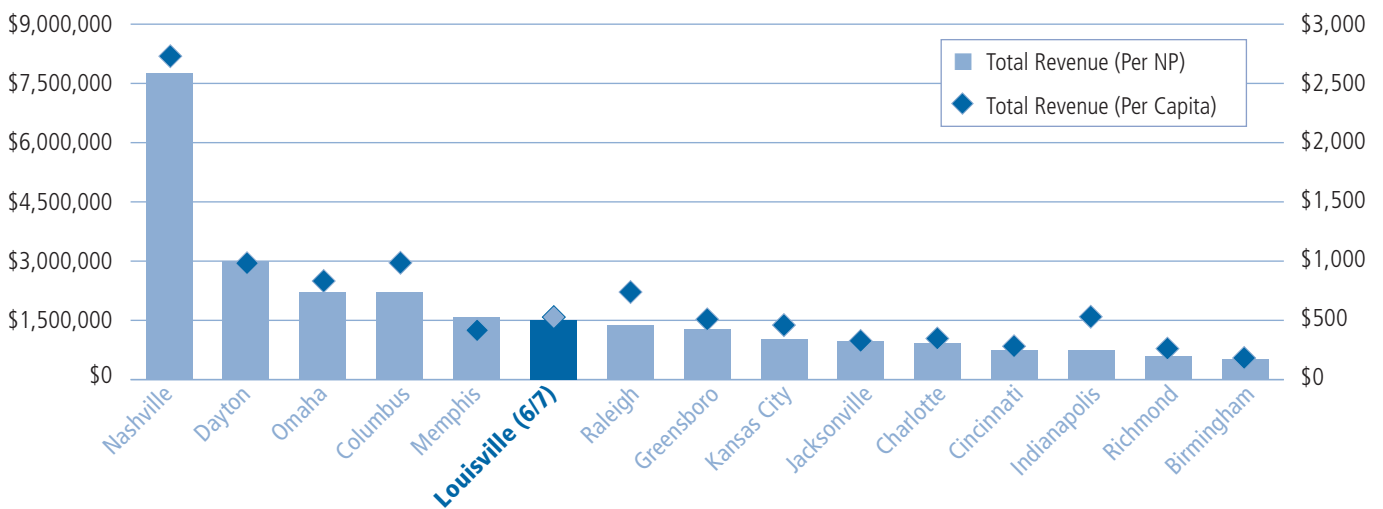
## Education

Louisville's education subsector combined institutions of higher education and those that provided other educational programs and services to the community. It ranked sixth in adjusted revenue per nonprofit and seventh in adjusted revenue per capita. This put Louisville higher than its relative ranking in population and total number of education nonprofits (ninth).

Of the 15 peer cities, Nashville's education revenue levels far exceeded that of any of the other cities. Average revenue per education nonprofit in Nashville

was over \$7,000,000 while per capita revenue was over \$2,739. In the breakdown of average revenue per nonprofit, Nashville outpaced Dayton at a ratio of 2.5:1 and Louisville at 5:1. Adjusted for population size, Nashville outperformed Columbus (ranked second) by a ratio of almost 3:1 and Louisville at 5:1. Upon further investigation and additional data collection, the significant gap in revenue levels can be attributed to Nashville's major research universities. Vanderbilt University alone brings in \$3 billion of the total \$4.3 billion generated each year in the Education subsector.

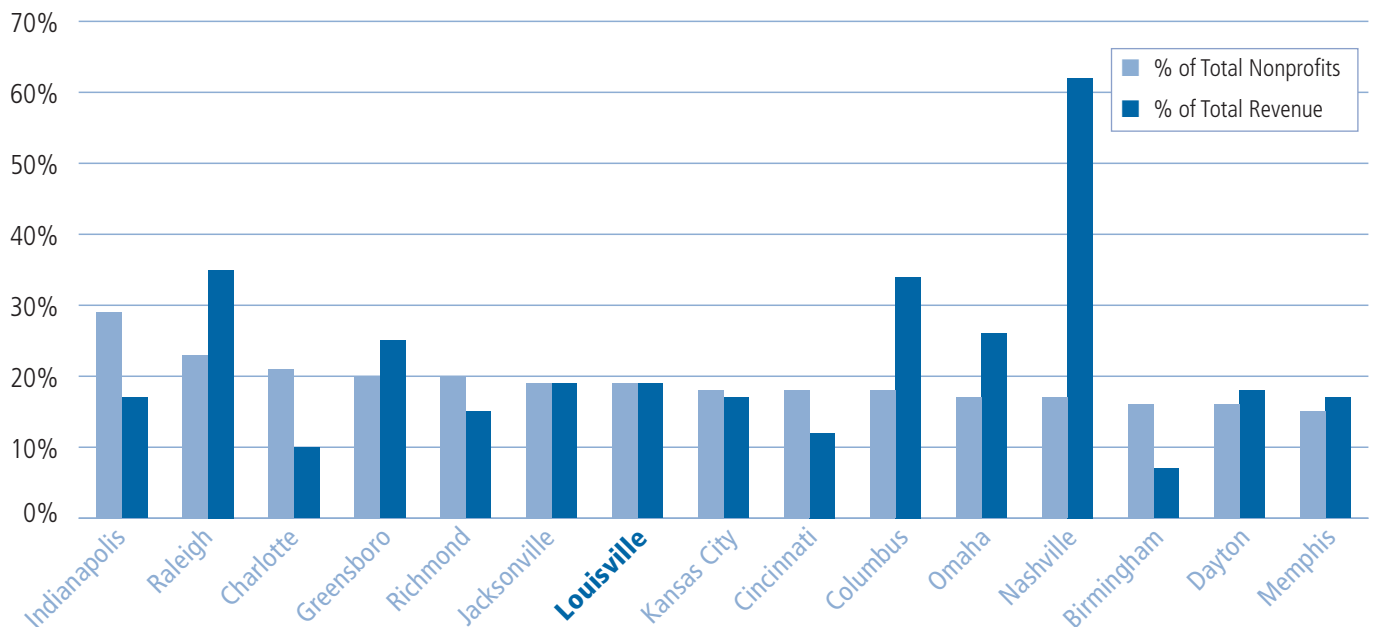
## Total Revenue (Education)



# Louisville's Nonprofit Subsectors



## Percent of Nonprofits and % of Total Revenue (Education)



The graph better illustrates the relationship between the number of education nonprofits and the amount of revenue those institutions generate for the entire sector. The Louisville MSA reported a total of 443 Education nonprofits in 2011. Those 443 organizations made up 19% of the Louisville nonprofit community and contributed 19% to the total revenue. In Nashville, with a relatively similar number of education nonprofits representing the sector (17%), education revenue made

up an astounding 62% of its overall nonprofit sector revenue.

In Raleigh, this sector made up 23% of its total sector and brought in 35% of total revenue. However, the two variables do not have a direct relationship. A higher number of nonprofits does not reflect a higher percentage of revenue from the education subsector. This is further illustrated in the graph above.

# Louisville's Nonprofit Subsectors

## Human Services

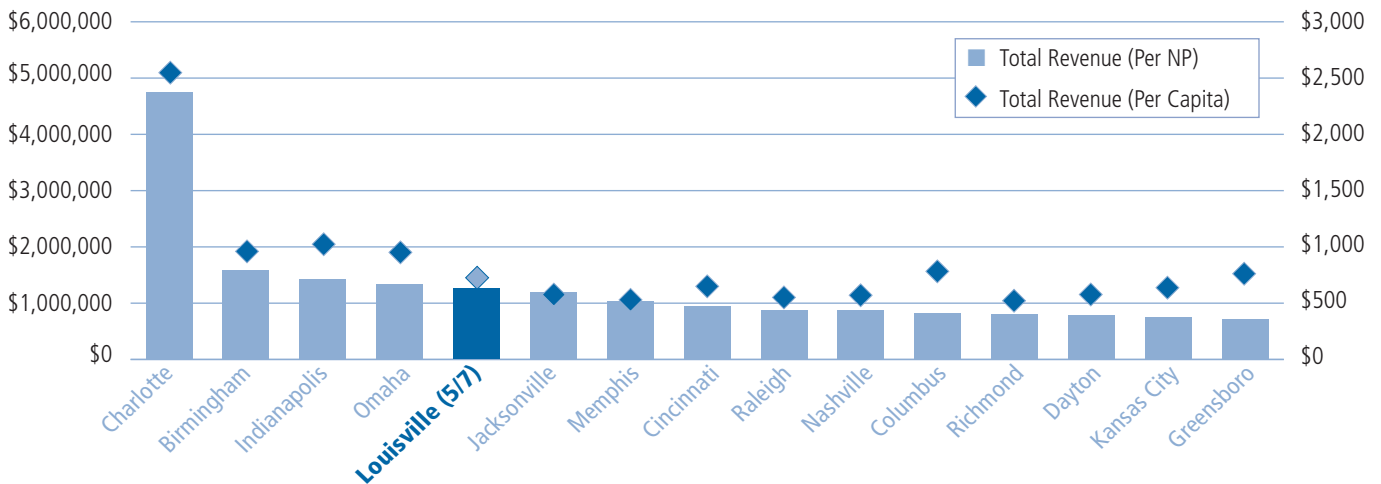
Louisville's human services nonprofit sector included 733 nonprofit organizations in 2011. It was the largest subsector represented in Louisville – covering 31% of the total community. The portion of the total revenue produced by the sector was 26%. Though a majority of the peer cities' human services subsectors represented a sizeable portion of the total sector – on average approximately one-third of the total – revenue percentages did not reflect that same share. Only five of the fifteen MSAs generated an equal amount or more in total revenue than their market share.

Louisville ranked fifth in total revenue per nonprofit and seventh in total revenue per resident. Its human services subsector created \$924 million in 2011 and was the second largest subsector in terms of revenue generation behind health organizations.

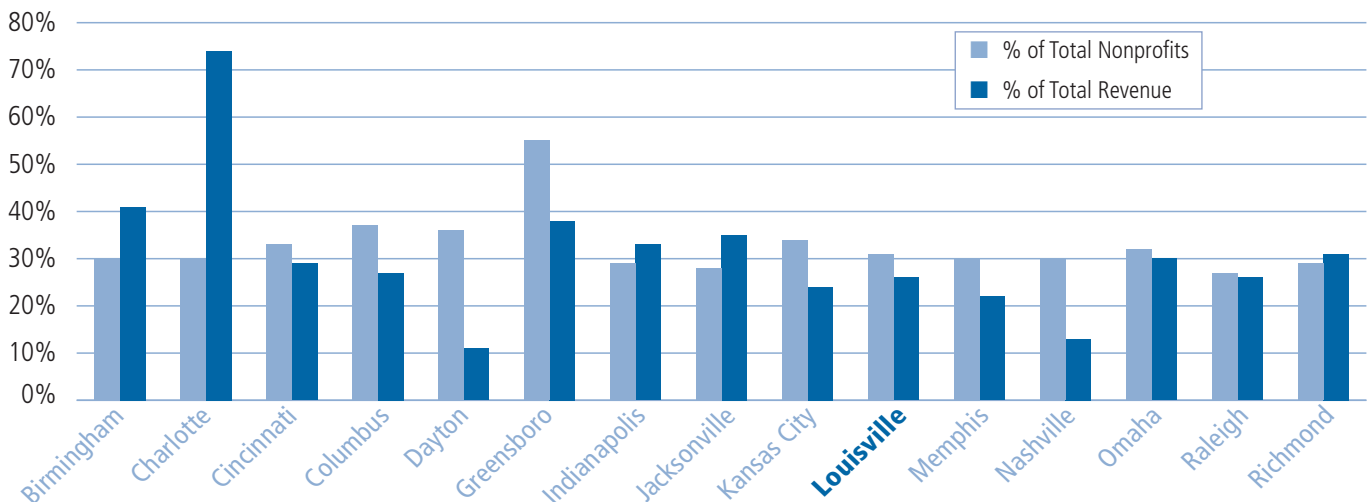
Charlotte had the highest levels of revenue generated by the human services subsector when adjusted for both total nonprofits and residents. While its average subsector size was about a third of the total, similar to other peer cities, it pulled in nearly three-quarters of its total revenue from those nonprofits. Its total revenue generated by human services was nearly \$4.5 billion in 2011.

Charlotte also ranked first in total revenue per resident with a staggering \$2,500 figure – twice as much as Indianapolis which was second with \$1,020. Charlotte's human services revenue is affected largely by the American National Red Cross Shared Services Center which accounted for \$3.7 billion in gross receipts in 2011 (NCCS). That amount alone makes up over 80% of the human services subsector revenue in Charlotte.

## Total Revenue (Human Services)



## Percent of Nonprofits and Percent of Total Revenue (Human Services)





# Louisville's Nonprofit Subsectors

## Arts, Culture, and Humanities

In the Greater Louisville area there were 292 registered and active Arts, Culture, and Humanities nonprofits that accumulated total revenue of over \$106 million in 2011. That total put Louisville seventh in per capita and per nonprofit revenue measures when adjusted for size.

Arts, Culture, and Humanities nonprofits composed 12% of the entire nonprofit community in Louisville and accounted for 3% of total non-hospital nonprofit budgets. The peer cities averaged a similar breakdown with Arts, Culture, and Humanities nonprofits making up approximately 3% of the total sector's revenue.

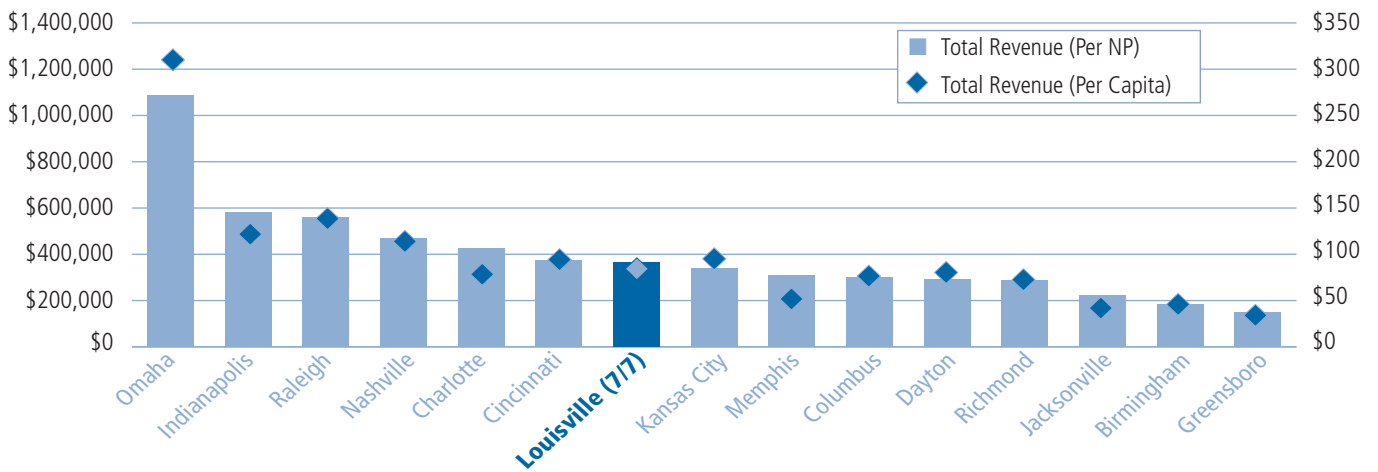
The only exception was Omaha, NE, where Arts, Culture, and Humanities nonprofits made up 13% of total nonprofits while Arts-generated revenue was 10% of the total non-hospital revenue. Omaha's arts subsector overtook its second closest competitor, Indianapolis, IN,

by nearly 100 percent when adjusted for total nonprofits. It passed its second closest competitor, Raleigh, NC, with nearly three times as much in total revenue when adjusted for population size. Upon further research, no data were found to support this anomalous result.

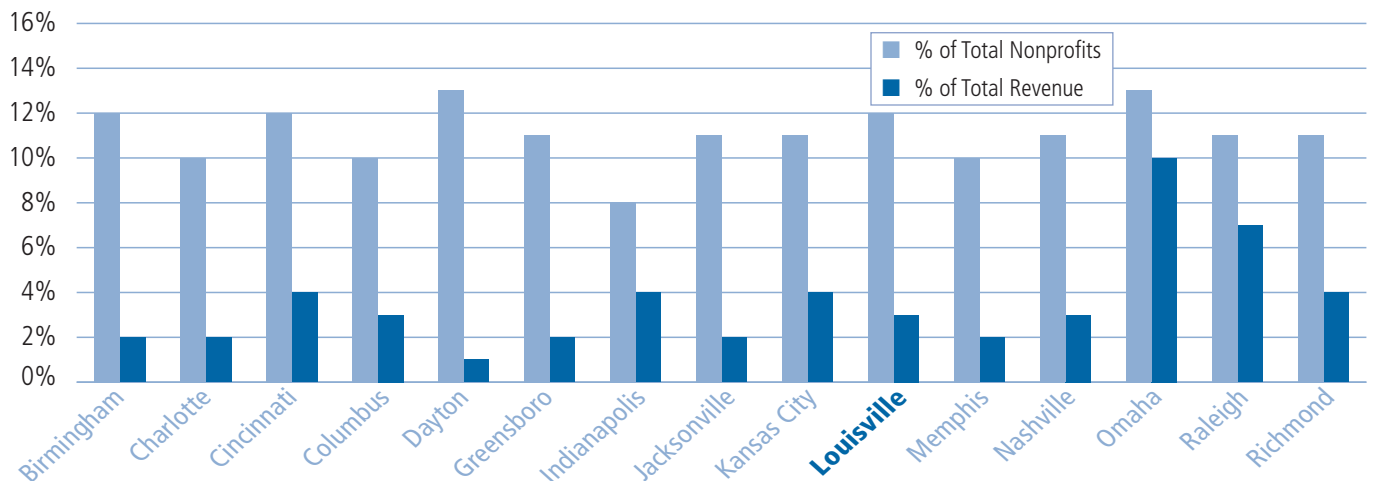
The average Louisville arts nonprofits generated \$365,000 of revenue last year; the per capita breakdown was \$83. While Louisville ranked in the top half of the peer cities, its figures actually fell below the mean of \$396,000 per nonprofit and \$95 per capita.

Revenue from Arts organizations is generated from a few primary sources: earned income, private donations and public sector funding. National statistics showed that earned income made up about 60% of total revenue, including ticket sales, fundraising events, subscriptions, gift shop sales, investment income and dues (Americans for the Arts, 2011).

## Total Revenue (Arts, Culture, Humanities)



## Percent of Nonprofits and % of Total Revenue (Arts, Culture, Humanities)

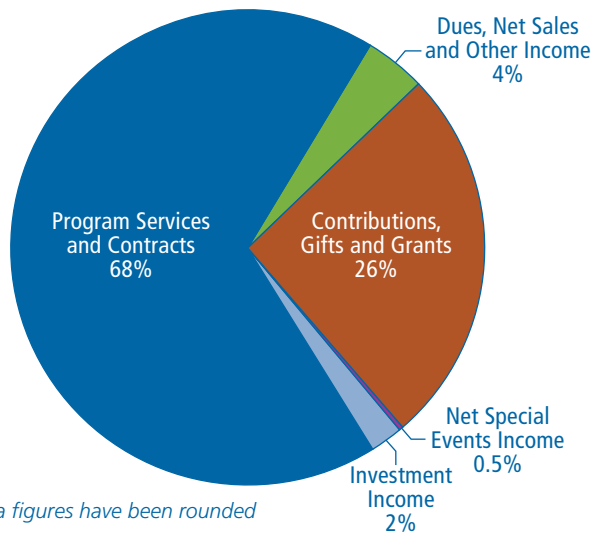


# Louisville's Nonprofit Subsectors

## Revenue Sources

The billions of dollars that Louisville nonprofits generated annually stemmed from several different revenue sources. The percentages here represent revenue levels for non-hospital nonprofits in 2010 who reported gross receipts of at least \$25,000 and filed Form 990 or 990-EZ.

### Louisville Nonprofit Revenue Sources



Data figures have been rounded

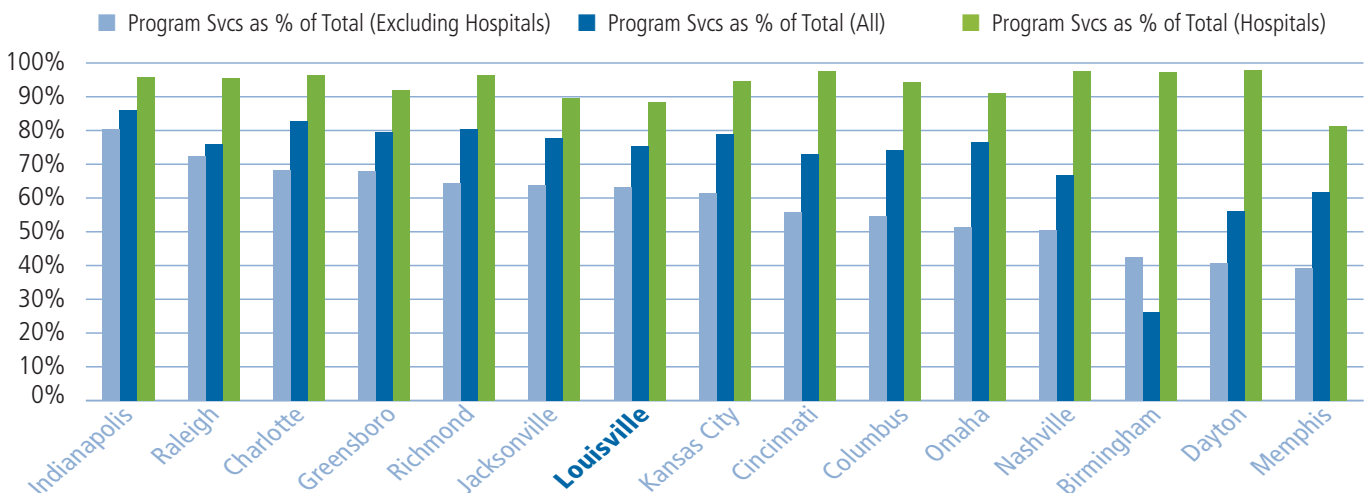
The largest proportion of Louisville's nonprofit sector revenue came from program services and contracts. Program services were reported as activities that form the basis of an organization's tax exemption. It also included unrelated trade or business activities and income from program-related investments. In the area of Program Services and Contracts, **Louisville ranked third with 68% of total revenue** compared to an average of 61% generated by its peer cities. When hospital revenue was incorporated into total revenue, the percentage jumped from 61% to 82.7% and second among peer cities.

The largest percentage of nonprofit revenue in Louisville was generated through Program Services and Contracts (68%) followed by Contributions, Gifts and Grants (26%)

The second largest source of nonprofit funding came from contributions, gifts and grants. Those funding streams comprised 26% of the total dollars received by Louisville nonprofits in 2010. Compared to the rest of the MSAs, Louisville fell below the average of 32.5% in monies coming from contributions, gifts and grants. Louisville's ranking among the peer cities is 11th out of 15. Raleigh and Memphis both received over 50% of their total nonprofit revenues from this single source while Dayton received less than 15%. Those MSAs that showed smaller revenue stemming from contributions, gifts and grants compensated in the area of program services and contracts, and vice-versa.

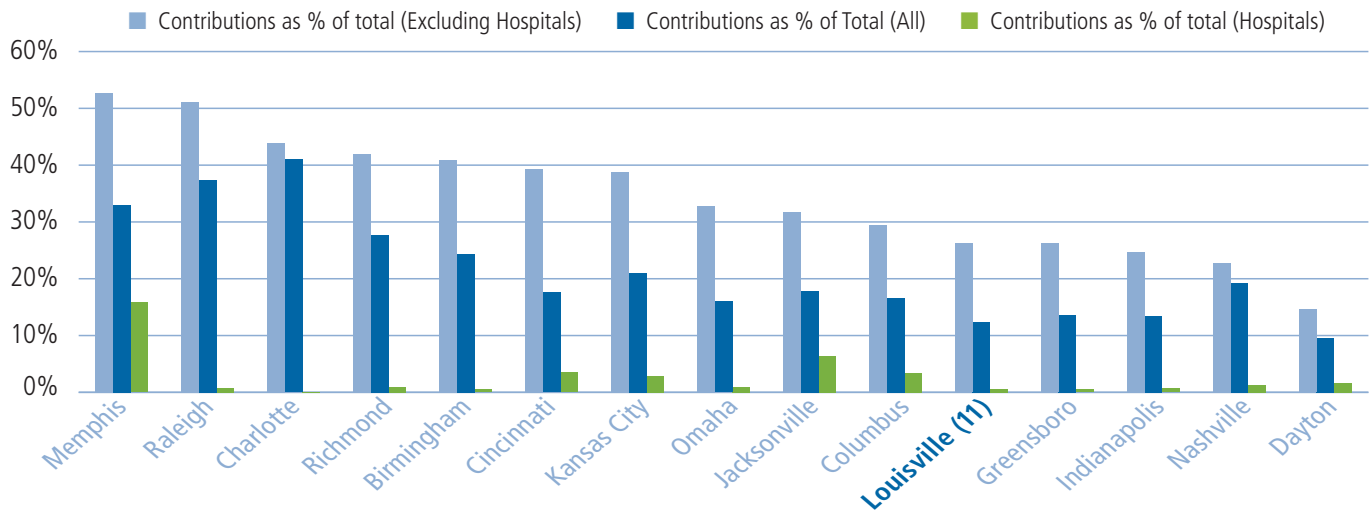
A relatively small percentage of total revenue for nonprofits came from special events, investments and dues. Net special events income composed an average of about 0.5% of total revenue – the average among peer cities. Louisville ranked fifth and shared that ranking with two other cities. Louisville also tied for 11th in investment income with about 1.5% compared to the peer city average of 2.1%. In the area of dues, net sales and other income, Louisville ranked ninth in revenue with 3.6% – falling just below the peer city average of 3.9%.

## Program Services as Percent of Total Revenue



# Louisville's Nonprofit Subsectors

## Contributions as Percent of Total Revenue



Excluding Hospitals	Contributions, Gifts & Grants	Net Special Events Income	Investment Income	Program Services & Contracts	Dues, Net Sales & Other Income *
<b>Louisville</b>	26.2% (11)	0.5% (5)	1.5% (11)	68.2% (3)	3.6% (9)
<b>Peer City Average</b>	32.5%	0.5%	2.1%	61.0%	3.9%

### Individual Contributions and Charitable Deductions

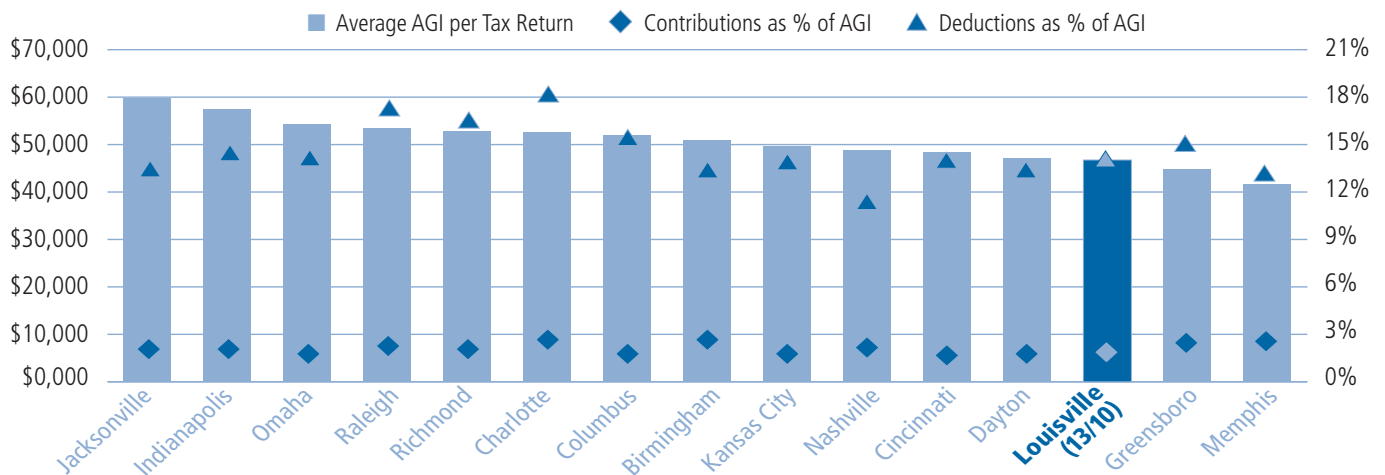
The Louisville nonprofit community received 26% of its total revenue, approximately \$936 million, from contributions, gifts and grants. This total included funding from governmental agencies, foundations, organizations and individuals. Specific data on individual giving were also compiled and available for each of the MSAs included in this study. It revealed the level at which individuals in each city gave to charities in relation to their adjusted gross income.

Louisville ranked 13th among the 15 peer cities in average Adjusted Gross Income (AGI), reported on tax returns in 2008 at \$46,745. The average itemized charitable contribution was \$865 per tax return, a 1.8%

contribution as a proportion of AGI. Despite having a lower average AGI, Louisville's average giving ranks 10th among its peers in individuals contributing a higher portion of their income to charity.

The graph below shows no direct relationship between the Average Adjusted Gross Income and deductions as a percentage of the AGI. It also shows no direct relationship between contributions as a percentage of AGI. MSAs, in general, are shown to make larger deductions despite income levels. The two cities with the highest deductions as a percentage of AGI were Charlotte and Birmingham. Individuals in those cities rank sixth and eighth in average Adjusted Gross Income but still give a larger proportion than those in MSAs that, on average, earn more.

### Average Adjusted Gross Income Reported on Tax Returns (2008)



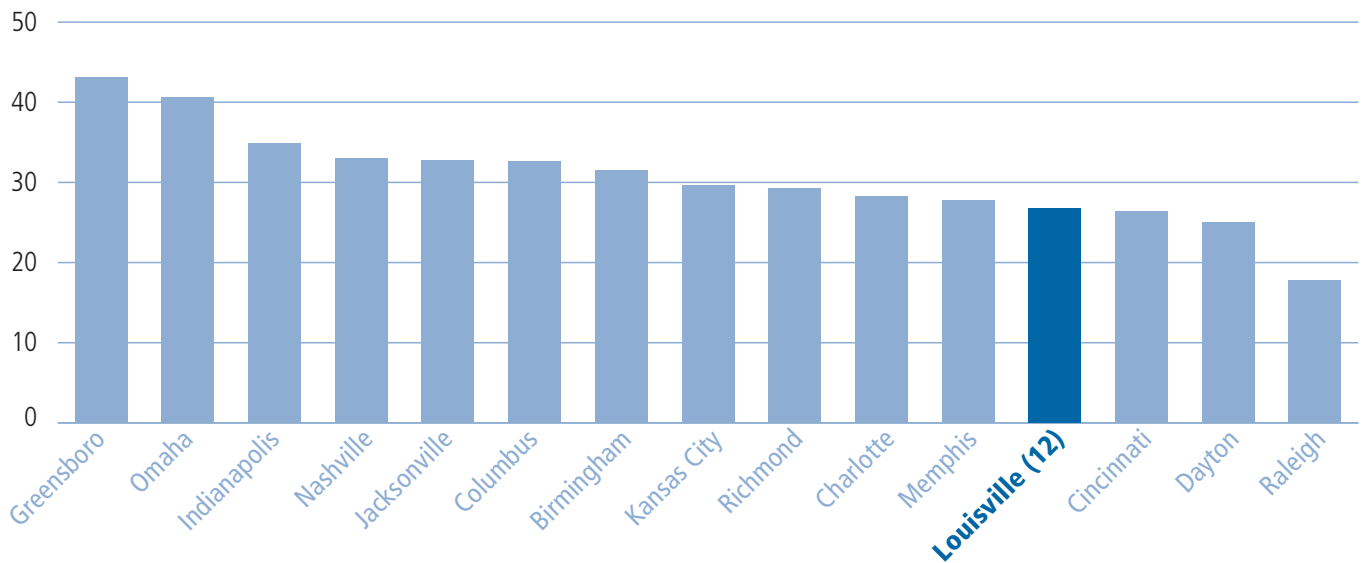
# Louisville's Nonprofit Subsectors

## Volunteering

The Corporation for National and Community Service (CNCS) reported that Louisville residents contributed an average of 26.8 hours of service annually from 2008 to 2010. This ranked Louisville 12th among its peer cities in volunteering. The CNCS calculated that \$535.9 million of service was contributed by 240,900 volunteers during 25.1 million hours of service.

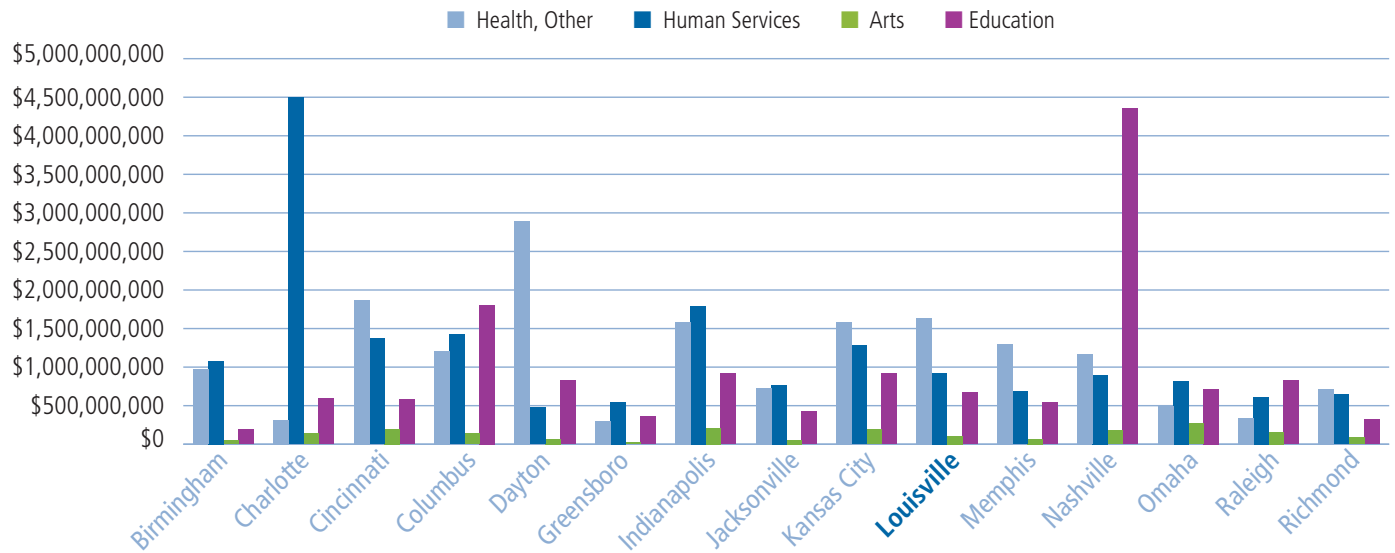
The Corporation for National and Community Services reported in December of 2012 that Louisville's volunteer rate grew by 7.2 percent for 2011, placing it in the top five cities having the fastest growing rates in the country. Perhaps the emphasis on Compassionate Louisville by Mayor Greg Fischer and a host of civic groups played a part in that ranking.

## Volunteer Hours Per Capita (2008-2010)



# Summary of Comparisons

## Total Revenue of Subsectors



MSA	Popul. Rank	Total NPs	Pop: NPs	Average Total Revenue (NPs including Hospitals)		Average Total Revenue (NPs excluding hospitals)		Average Total Revenue (Hospitals)		Average Total Revenue (Health, Other)		Average Total Revenue (Human Services)		Average Total Revenue (Arts, Culture, Humanities)		Average Total Revenue (Education)		Vol. Hrs.
				Per NP	Per Resident	Per NP	Per Resident	Per Hospital	Per Resident	Per NP	Per Resident	Per NP	Per Resident	Per NP	Per Resident	Per NP	Per Resident	
Birmingham	12	11	9	12	12	8	10	7	7	4	6	2	3	14	13	15	15	7
Charlotte	4	6	13	10	13	4	3	13	3	15	15	1	1	5	9	11	11	10
Cincinnati	1	3	8	2	2	10	11	5	8	5	5	8	8	6	6	12	13	13
Columbus	3	2	1	9	6	9	6	11	15	9	9	11	5	10	10	4	2	6
Dayton	14	14	10	1	1	1	1	9	6	1	1	13	10	11	8	2	3	14
Greensboro	15	15	11	11	11	12	13	8	5	13	13	15	6	15	15	8	8	1
Indianapolis	5	4	2	8	4	7	5	3	14	6	4	3	2	2	3	13	6	3
Jacksonville	7	10	14	6	10	13	15	6	2	10	12	6	11	13	14	10	12	5
Kansas City	2	1	3	13	9	11	8	12	13	8	7	14	9	8	5	9	9	8
<b>Louisville</b>	<b>9</b>	<b>9</b>	<b>12</b>	<b>3</b>	<b>5</b>	<b>4</b>	<b>7</b>	<b>2</b>	<b>4</b>	<b>2</b>	<b>2</b>	<b>5</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>6</b>	<b>7</b>	<b>12</b>
Memphis	8	12	15	4	8	6	9	10	1	3	3	7	14	9	12	5	10	11
Nashville	6	5	7	7	7	2	2	14	9	7	8	10	12	4	4	1	1	4
Omaha	13	13	6	5	3	5	4	4	10	12	10	4	4	1	1	3	4	2
Raleigh	11	8	4	15	14	14	12	1	12	14	14	9	13	3	2	7	5	15
Richmond	10	7	5	14	15	15	14	15	11	11	11	12	15	12	11	14	14	9



# Survey of Nonprofits in the Louisville MSA

## Demographics of Nonprofits in the Survey

A total of 209 of nonprofits participated in the online survey. Respondents were allowed to skip questions, so not all questionnaire items total to this figure, but every question was answered by at least 178 organizations. The participants represent a diverse universe of organizations based on staff and budget size, service sector, age and other organizational demographics.

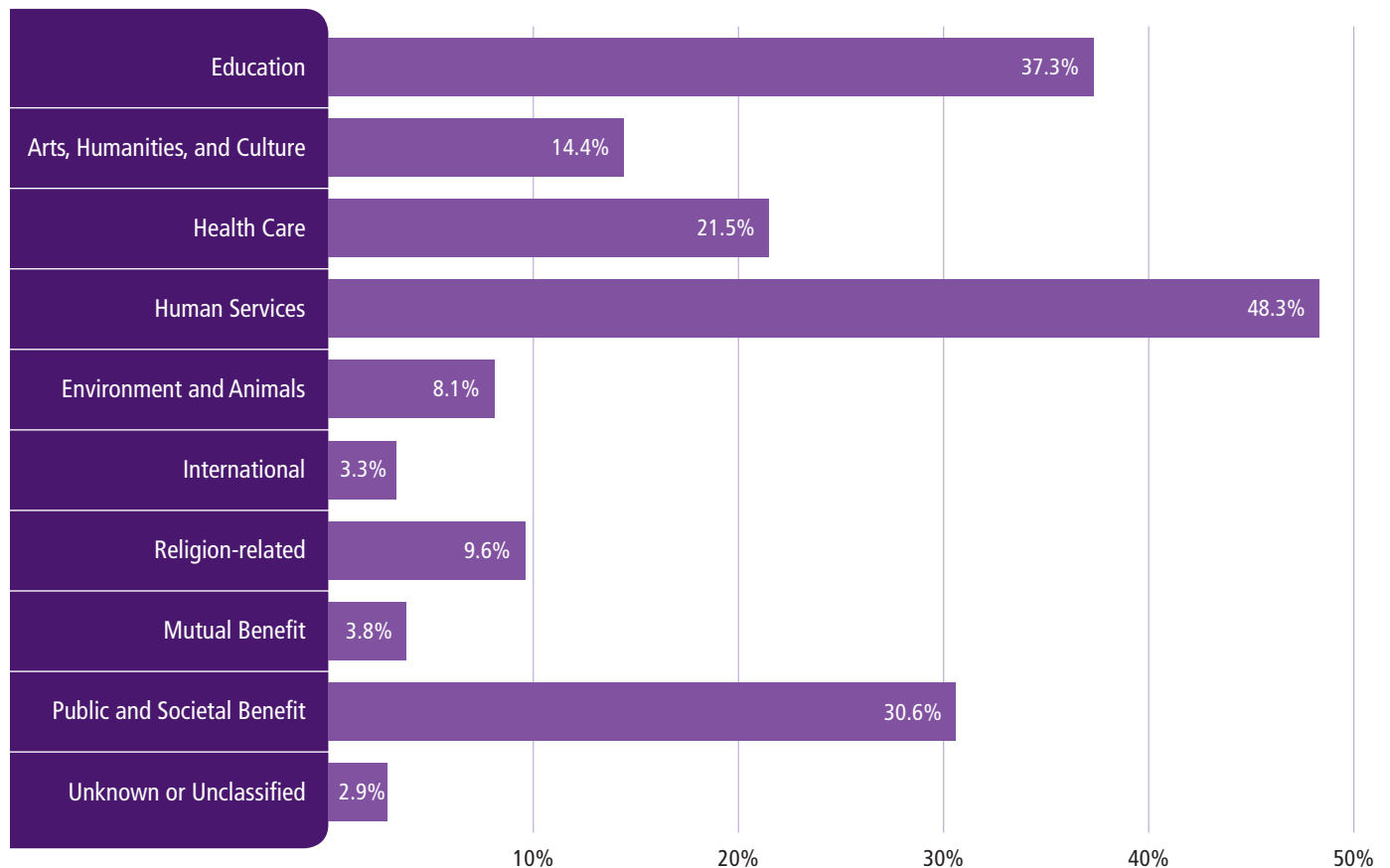
**Service Sector:** To describe the service area of their organizations, respondents selected one or more of the ten “broad group” categories used in the National Taxonomy of Exempt Entities (NTEE) system used by

the Internal Revenue Service and the National Center for Charitable Statistics. Human Services (48%) and Education (37%) were the most common sectors reported. Public and Societal Benefit (31%), Health Care (22%) and Arts and Humanities (14%) were the only other categories checked by at least ten percent of the respondents.

Multiple categories were selected by 43% of the survey participants, with two sectors checked by 20%, three sectors by 14% and 9% of the nonprofits reporting they worked in four or more categories.

## What subsector(s) best describes your organization?

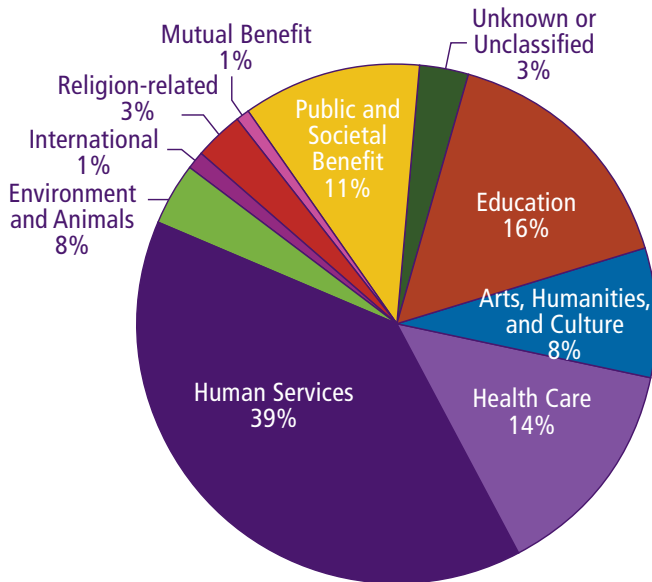
(Respondents could check more than one)



# Survey of Nonprofits in the Louisville MSA

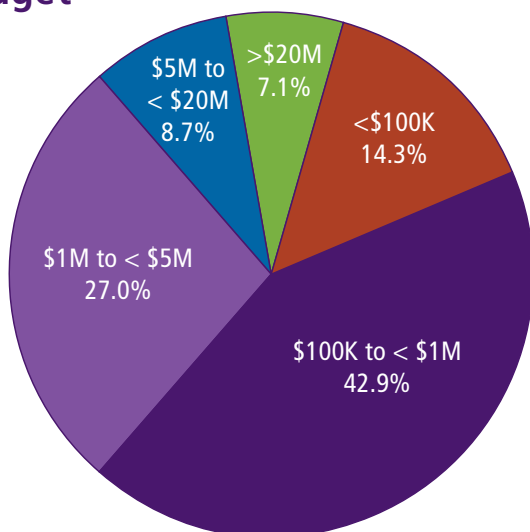
There were 118 nonprofits (57%) in the survey that checked only one sector, and 39% of these reported their sector as Human Services. Of those checking only one category, no other category was selected by more than 16%.

## Category of those checking only one sector



**Operating Budget Size:** The nonprofits in the survey were fairly evenly divided among those with budgets under \$1 million (57%) and those with budgets larger than this (43%). A further breakout of operating budget sizes reveals that 14% had budgets under \$100,000, 43% had budgets between \$100,000 and \$1 million, 27% reported budgets between \$1 million and \$5 million, and 16% had budgets over \$5 million.

## Approximate Annual Operating Budget



Exactly half of the 206 nonprofits that provided budget information reported their operating budgets increased over the preceding year, with 28% reporting decreases and 22% no change. Organizations with smaller budgets were much less likely to report an increase from the preceding year, with only 18% of those with budgets under \$100,000 seeing an increase in budget over the prior year. This contrasts sharply with nonprofits with much larger budgets, as 86% of the organizations with budgets greater than \$20 million reported an increase over the previous year, and 76% of those with budgets between \$5 million and \$20 million had an increase. Of those indicating an increase, 90% saw their budgets grow by 10% or less, and 92% of those with decreases had declines of ten percent or less.

Budget Change	Current Budget Size (percent)				
	< \$100k	\$100k to < \$1m	\$1m to < \$5m	\$5m to \$20m	> \$20m
Increase	17.9	50.0	52.8	76.5	85.7
Decrease	46.4	29.8	24.5	17.6	7.1
No Change	35.7	20.2	22.6	5.9	7.1

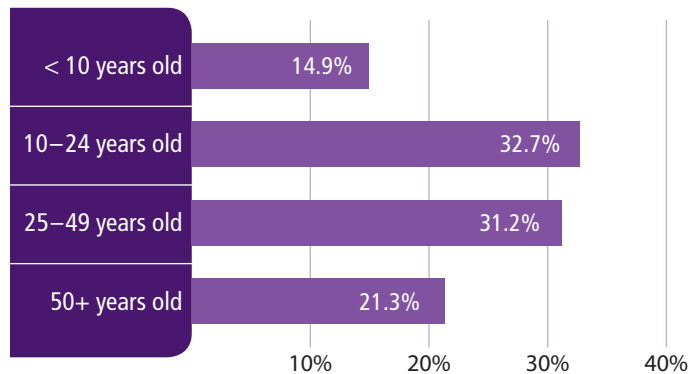
**Full-time Equivalencies:** Staff size varied from zero employees (9%) to one nonprofit that had 775 full-time equivalencies (FTE). More than half the nonprofits (51%) indicated having six or fewer FTE and 68% had fewer than 20. Staffs of 100+ employees were reported by 11% of the nonprofits.

Number of Full-Time Equivalencies	Percent
zero FTE	9.7
1 or less FTE	10.7
2 – 4 FTE	22.4
5 – 9 FTE	13.8
10 – 19 FTE	11.7
20 – 99 FTE	20.4
100+ FTE	11.2

# Survey of Nonprofits in the Louisville MSA

**Age of the Nonprofit Corporations:** A large majority (85%) of the nonprofits in the survey reported being at least 10 years old, with 33% between 10-24 years old, 31% between 25-49 years old and 21% over 50 years old. The average age of the nonprofit corporations in the survey was 37 years.

## Age of the Nonprofit



Older nonprofits were much more likely to have larger staffs than younger organizations, with 76% of the nonprofits less than five years old having four or less full-time equivalencies.

This contrasts sharply with nonprofits 50 years or older, with only 13% in the oldest group reporting fewer than five FTE. All of the nonprofits with 100 or more employees were at least 10 years old.

**It takes time to build staff. Only two of the 28 nonprofits less than 10 years old reported having 20 or more full-time equivalencies, while 67% of nonprofits 50 years or older had 20 or more staff.**

Age of the Nonprofit Corporation (percent)

Number of Full-Time Equivalencies	<10 years old	10 - 24 years old	25 - 49 years old	50+ years old
< 5 FTE	75.9	61.9	32.8	12.5
5 - 19 FTE	17.2	27.0	31.1	20.0
20+ FTE	6.9	11.1	36.1	67.5





# Board of Directors

**Board Members:** Having all allowed board member positions filled is rare. Among the nonprofits reporting that their bylaws set limits to the number of people who can serve on the board of directors, only 17% indicated that all of the allowed positions were currently filled, and 41% had less than 75% of their member limit currently occupied. Four nonprofits reported that they had only one third or less of their board limit filled.

**Having all allowed board member positions filled is rare. Only 17% of the organizations indicated all of the allowed positions were currently filled.**

Board size limits of 16 or more were most common, with 74% specifying at least that many seats, and almost half (49%) of the nonprofits reported allowing 25 or more board members. Twelve (7%) did not limit board membership in their bylaws.

Number of Board Members Allowed	Percent
< 11	8.4
11-15	17.4
16-24	24.7
25-30	24.7
31-70	18.0
No Limit	6.7

The actual number of members currently serving was substantially less than the allowed amount. While only one organization limited the board to six or fewer members, there were fifteen nonprofits (8%) that reported they currently had six or fewer board members.

Number of Board Members Currently Serving	Percent
< 7	7.9
7-14	30.0
15-19	23.2
20-24	18.4
25+	20.5
No Limit	6.7

**Board Member Demographics:** The nonprofits in the survey were asked to identify sex, race and age characteristics of their board members. These were aggregated to generate a composite percentage of board member demographics. The reported gender breakdown was 55% female and 45% male. The age group representation had the great majority between ages 41 and 65 years old (67%), with 19% between ages 21 to 40, and 14% over age 65. Only two board members were younger than 21.

The ethnicity of the board members was reported as 10% Black, 87% White, 1% Asian, 1% Hispanic and less than 1% reported as “Other.” Relative to the 2010 Census data, the board memberships are slightly less diverse than the general population in the Louisville MSA. The census data reported the metro population as 81% White, 14% Black, and all other race categories below 2%. The Hispanic population can be of any race in census data, and the 2010 Census counted less than 4% of the Louisville MSA as Hispanic.

**Board Meetings:** About a third of the nonprofits (31%) indicated their boards met six times per year. The next most common amounts were four times per year and twelve times per year, both reported by 17% of the respondents. The fewest board meetings reported were one per year by a single organization, and the most meetings, also reported by a single nonprofit, were fourteen times per year.

Average attendance rates of 76% or higher were reported by 55% of the nonprofits, with 41% reporting an average meeting attendance between 51% - 75%, and only 4% of the organizations indicating board attendance averaged 50% or less.

**Board Member Contributions:** Almost all of the nonprofits (94%) reported that at least one or more board members made an annual contribution to the organization. The average annual board member donation varied from \$25 to \$10,000, with 86% reporting an average donation of \$1,000 or less.

**Board Member Tenure:** Board members in general serve short tenures. Overall, only 14% of the nonprofits reported an average tenure greater than six years, even though the most frequently reported average tenure was six years (24%). The next most common average tenures were three years (19%), four years (16%) and five years (15%). One organization reported an average tenure of 25 years for its board members, with 13 years the highest average reported by any other nonprofit. Term limits for board members were reported by 72% of the nonprofits.

## Fund Development

**Fund Raising Events:** The nonprofits in the study split very evenly on whether or not they had an annual fund development campaign, with about half (51%) indicating they had an annual fund development campaign and 49% reporting they did not. Among those with an annual campaign, 53% raised less than \$100,000 and 22% raised less than \$25,000. At the opposite end of the fund raising spectrum, 17% raised over \$1 million.

The organizations with an annual development campaign were much more likely to report an increase in their operating budget from the previous year, with 60% of this group having an increase, while only 38% of those without an annual fund development campaign had a budget increase.

Nonprofits with smaller budgets were much less likely to have an annual campaign. None of the organizations with less than \$25,000 budgets, and only 19% of those with budgets between \$25,000-\$100,000 had annual fund development campaigns.

A large majority (78%) of the nonprofits held at least one special fund raising event annually, with 85% reporting that they held four or fewer such events in a year.

Annual Budget	Percent with Annual Fund Development Campaign
< \$25,000	0.0
\$25k to < \$100k	18.8
\$100k to < \$1m	43.2
\$1m to < \$5m	67.3
\$5m to < \$20m	68.8
> \$20m	63.6

**Major Gifts:** About a third of the organizations (31%) indicated that they have a major gift development program. A “major gift” was defined as \$10,000 or more by 35% of these nonprofits, and 63% defined a “major gift” as \$1,000 to \$5,000.

**Other Fund Development:** Only 23% of the nonprofits had a planned giving program, but 26% stated that they were planning to develop one. About a third of the nonprofits (38%) had endowments, and those that did were more likely to report an increase in their most recent budget (59% versus only 44% of those with no endowment).

## Financial Review and Accreditation

**Financial Review:** Audits were used by 75% of the organizations for their financial review process. The three other methods reported were Informal Staff/Board Review (13%), Review With Limited Assurance (7%) and Compilation With No Assurance (5%).

**Accreditation/Certification:** About half of the nonprofits (48%) were accredited by a professional or other accrediting group, and 41% were certified by the Better Business Bureau. The larger the budget, the more likely a nonprofit was accredited, with 82% of those with budgets larger than \$20 million and 69% of those between \$5 million–\$20 million accredited. Fewer than half of the organizations with budgets smaller than \$1 million were accredited.

**Nonprofits that were accredited by outside groups were more likely to have a budget increase over the previous year, with 59% of accredited organizations seeing an increase versus 42% of those that were not accredited.**

Budget Size	Accredited by Other Groups		
	Yes	No	Unsure
< \$25,000	40.0	60.0	0.0
\$25k to < \$100k	20.0	66.7	13.3
\$100k to < \$1m	41.5	47.6	11.0
\$1m to < \$5m	55.1	34.7	10.2
\$5m to < \$20m	68.8	18.8	12.5
> \$20m	81.8	18.2	0.0

Nonprofits that were accredited by outside groups were more likely to have seen their budgets increase over the previous year, with 59% of accredited organizations having a budget increase versus 42% of those that were not accredited.

Accredited?	Budget Change		
	Increase	Decrease	No Change
Yes	59.1	27.3	13.6
No	41.6	31.2	27.3
Unsure	36.8	21.1	42.1

# Collaboration With Other Nonprofits

**Working With Other Organizations:** The most frequently cited levels of formal collaboration with other nonprofits were Network (73%), Programs (73%) and Funding Opportunities (47%). Other types of formal collaboration were Office Space (29%), Services, such as IT or marketing (25%) and Administrative Staff (12%).

Type of Formal Collaboration with Other Nonprofits	Percent Who Checked Yes
Shared services (IT, marketing)	25.1%
Administrative staff	12.0%
Funding opportunities	47.3%
Office space	29.3%
Network (members, partners)	72.5%
Programs	72.5%
Other (please specify)	17.0%

Regarding the extent to which their nonprofit worked with five categories of organizations (Partner Organizations Within Same Subsector, Partner Organizations Outside Subsector, Government Agencies, Foundations, and For-profit Entities), by far the most frequently reported description was Cooperation. This level of collaboration was reported most frequently across all five categories of organizations, with Partner Organizations Outside Their Own Subsector and Foundations the most common (each at 43%). For the other three categories, at least 37% of nonprofits reported Cooperation as their level of collaboration.

The highest extent to which the nonprofits could report working with other organizations was Collaboration (members belonging to one system, mutual trust, consensus-reached decisions), and the only category for which this was reported by more than 7% was Partner Organizations Within the Same Subsector, with 16% of the nonprofits collaborating with organizations in that category.

Formal, written agreements to guide partnerships with other organizations were reported by 46% of the nonprofits.

Extent Working With Other Organizations	Partner Organizations Within Same Subsector	Partner Organizations Outside Subsector	Government Agencies	Foundations	For-profit Entities or Corporations
No Collaboration (no communication)	2.2%	6.2%	8.9%	18.5%	8.4%
Networking (basic awareness, little communication, independent decision making)	10.5%	24.7%	17.8%	22.5%	35.8%
Cooperation (information exchange, formal communication, independent decision making)	37.0%	43.3%	37.2%	43.3%	38.0%
Coordination (information/resource sharing, frequent communication, shared decision making)	19.9%	14.6%	22.8%	10.7%	10.6%
Coalition (idea/resource sharing, prioritized communication, vote in decision making)	14.4%	5.6%	6.7%	2.8%	3.9%
Collaboration (members belong to one system, mutual trust, consensus-reached decisions)	16.0%	5.6%	6.7%	2.2%	3.4%

## Outcomes

**Measuring Outcomes:** Seventy-six percent of the nonprofits reported having a process to “measure impact/outcomes on the lives of the people their organization serves.” The most frequent intervals for having these measurements in place were Midterm, 6-12 months (49%), Immediately following service (37%), Short-term, 0-6 months (31%) and Long-term, 1-2 years (31%). Only 19% of the nonprofits used an independent evaluator to measure program impacts/outcomes.

**Most organizations (67%) reported that measuring their outcomes could be improved for quality and efficiency if more resources were available for their measurement processes.**

While 93% indicated that they track the number of people they serve, almost as many (87%) reported obtaining qualitative feedback from the people to whom the services are provided. Of the specific methods used for evaluation, the most common were Questionnaires, Surveys, Checklists (91%), Interviews (57%), Observation (51%) and Document Review (46%).

A large majority of the nonprofits indicated that the quality and efficiency of their measurement of outcomes could be improved if additional resources were available (67%). A few organizations (16%) reported that their measurement process could be improved with their current resources, and 17% stated that their current measurement process was sufficiently accurate and efficient.

## Human Resources

**Professional Development:** Almost all of the nonprofits (92%) indicated that their employees received some professional development training annually. However, the amount of training varied considerably, with 22% reporting staff received fewer than ten hours of training and 50% receiving more than 20 hours annually. Use of an internal coaching model was reported by 26% of the organizations in the survey.

**Human Resource Policies:** Most of the organizations in the survey reported having up-to-date position descriptions (85%) and a current policy and procedures manual (85%). Most commonly, formal written feedback is offered to employees once annually (75%). The only other significant interval reported for formal reviews of employees was twice a year (13%). No formal written feedback was reported by 8% of the nonprofits.

**Volunteers:** Volunteers are an important resource to almost all nonprofits. Over a third (35%) of the organizations reported having over 200 volunteers in the previous year. Over 78% utilized at least 25 volunteers. Only 3% of the respondents indicated that they did not use volunteers in the past year.

**Volunteers are an important resource to almost all nonprofits, with 97% of the organizations indicating that they used volunteers in the past year. Over 78% had at least 25 volunteers, and 35% reported using 200 or more volunteers.**

Number of Volunteers	Percent
< 10 volunteers	7.5
10-24 volunteers	13.8
25-99 volunteers	28.7
100-199 volunteers	14.9
200+volunteers	35.1

## Planning

**Executive Director:** The Executive Directors of the nonprofits in the survey had been in their position an average of 9.1 years. The range of experience among the Executive Directors varied greatly among the nonprofits, with 37% having 4 years or less tenure and 21% having 15 years or more. Less than half of the organizations (40%) had a method in place for executive succession.

**Planning Activities:** About two thirds of the organizations held annual retreats or planning sessions for staff members (62%) and board members (68%). Regarding long-term planning, 82% said they engaged in long-term planning and 74% indicated they were

currently working from a long-term or strategic plan. Sources of information that were cited for long range planning were “internal data” (96%), “external data” (84%) and “customer groups” (46%).

**82% of the nonprofits engaged in long-term planning, and 74% indicated they were currently working from a long-term strategic plan.**

## Advocacy

**Types of Advocacy:** “Grassroots lobbying” was by far the most common form of advocacy reported, with 83% of the nonprofits involved at this level. The next most common types were “direct lobbying” (29%),

“voter education” (15%) and “voter registration” (13%). Only 7% of the organizations reported making a 501(h) election for advocacy activities.





# Conclusions and Recommendations



## So, what have we learned?

We learned that we have fewer but larger nonprofits than those in our peer cities, and that larger nonprofits fared better financially than smaller ones in 2011. The good news is that larger nonprofits appear to weather tough times better than smaller ones and an improved economy of scale exists within larger organizations – trend facts that place our nonprofit sector in a relatively positive position.

We learned that our healthcare related nonprofits generate above the peer city median in dollars, but from other study comparisons that our health and well-being are often worse. Louisville may be a good place to be if you need healthcare, but we have much room for improvement in leading healthy lives.

And, as a community, we invest a relatively high dollar amount on education but our overall education performance cries out for better results. We rank behind our peer cities in the level of baccalaureate and associate degrees, but we had the fastest rate of growth among peer cities this past year in the number of our residents earning BA degrees (reported by the Greater Louisville Project, 2012). With human services, our nonprofits are operating financially pretty much at the median level, while many of our social and economic gauges suggest we should do more.

Overall, we learned that our nonprofits do better than the average with program fees and contracts, but fall below the mean in contributed dollars and interest earnings.

Surprisingly, our arts, despite the success achieved by the Fund for the Arts, lag below the mean in the number of dollars generated by and support enjoyed for our arts groups locally. We generate \$83 per resident for the arts, compared to a median of \$95 among our peer cities.

We now have a baseline on some important measures related to nonprofit organizational performance.

Board attendance, the level that at which nonprofits are independently reviewed, the extent to which they collaborate with for-profits, other nonprofits and the government are among the kinds of data we measured. Some strengths can be found in the level of collaboration and independent reviews, but a large number of board vacancies are unfilled. More comparison data is necessary to better interpret some of these results, and better methodology to measure them is needed.

**The Center for Nonprofit Excellence** anticipates this report to be the first in a biannual series with the purpose of describing the impacts and changes in ensuing years of the Louisville area nonprofit sector in the context of its peer cities. The survey of nonprofits will also continue in future reports, with a continued exploration of practices that may contribute, both positively and negatively, to the successes of these charitable institutions. While the initial survey undertaken for this report offered numerous insights about staffing, training, operations, funding and board membership, future surveys should consider these results to refine the inquiries and offer more precise language and explanations of the concepts that are being measured. Additional methods for obtaining up-to-date contact information and for publicizing and encouraging greater participation by area nonprofits should also be made. Social media and affiliate networks offer potentially significant opportunities to encourage participation in future surveys at little additional cost.



# Notes and Acknowledgements

## Where do we go from here?

Given what we have learned from this study, how shall our civic sector leaders position our nonprofit community to work in such a way that the Louisville area becomes recognized for unparalleled innovation, effective partnerships and an unrelenting focus on results that will build a better community? How shall we define and measure that march toward excellence. Let the conversations begin anew – and let us measure our progress.

As mentioned, the Center for Nonprofit Excellence seeks to conduct a bi-annual peer city study and survey through the year 2020, driven by a vision that our nonprofit community will become a top performer in enhancing our quality of life – measured by health, well-being, civic engagement and lifelong learning.

Again, we extend a very special thanks to Eric Schneider, the lead consultant on the combined studies contained in this report. Sara Renn was the team’s lead researcher and was assisted by Morgan Eklund, Alexander Narang and Lisa Van Copponelle. As one can imagine, gathering, compiling and reporting these findings was an exceptionally arduous task – this team of researchers often went well beyond the call of duty.

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