

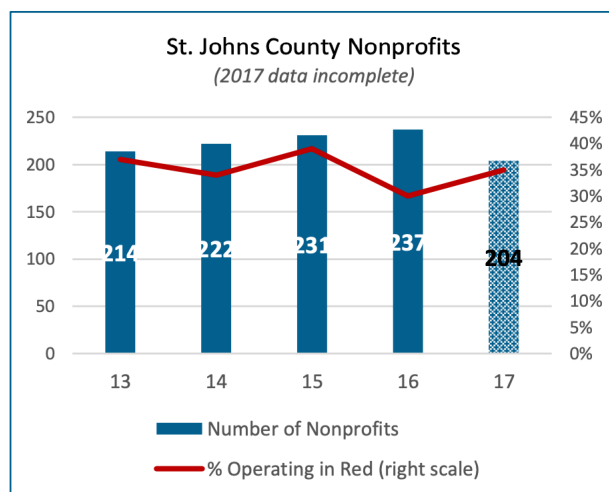
# St. Johns County

## *Detailed Look Shows Healthy Nonprofit Sector Coupled With More Robust Individual Giving*

St. Johns County is the fastest growing county on the First Coast and the second largest in population. Its 14% population growth rate since 2012 far outpaces its peers and played a large role in the region's 10% population growth rate in the same period. Still, its population is only a quarter that of Duval County and its nonprofit community is proportionally smaller.

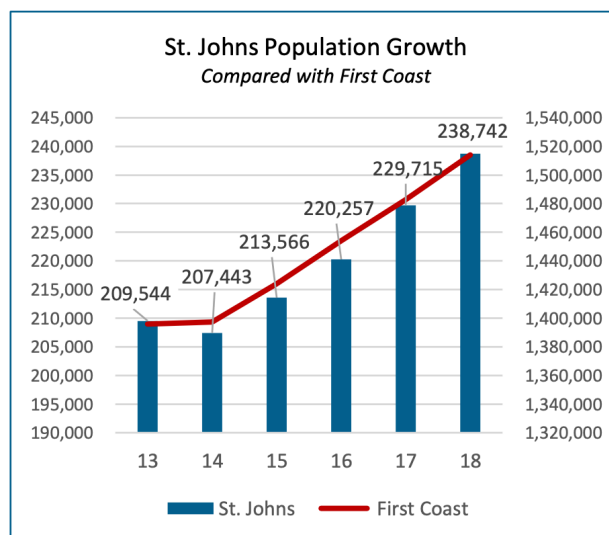
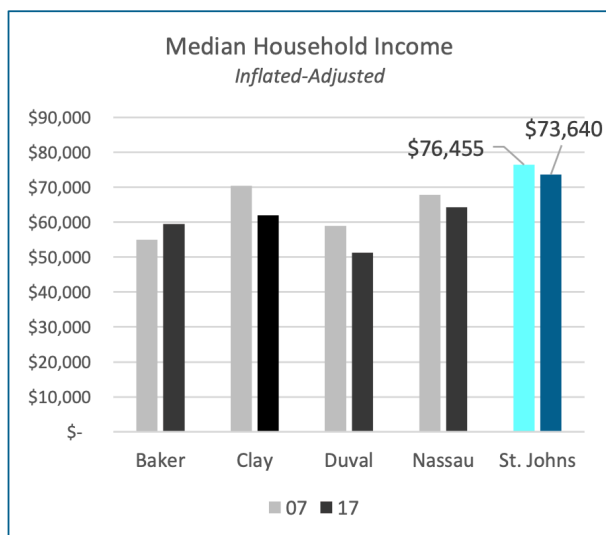
St. Johns is home to about 250 nonprofits that filed with the Internal Revenue Service in recent years, second in number to Duval (902 nonprofits). St. Johns County's nonprofit sector compared with the region as a whole, is home to more nonprofits focused on Arts & Culture, Environment & Animal Protection, Sports & Recreation and Health, and fewer focused on Human Services. However, unlike other suburban counties in the region, St. Johns has its own, locally based health institutions and a university, and is home to some of the largest nonprofits in the region.

St. Johns County residents, in general, are far wealthier than those on the First Coast. Median household income in St. Johns County is the



highest in the region, though it has not yet recovered fully from the effects of the Great Recession.

About 21,000 St. Johns County residents lived in poverty in 2017 – 9% of the population. Since 2012, the number of residents in poverty increased as the population has increased, but the share of residents living in poverty has remained stable.



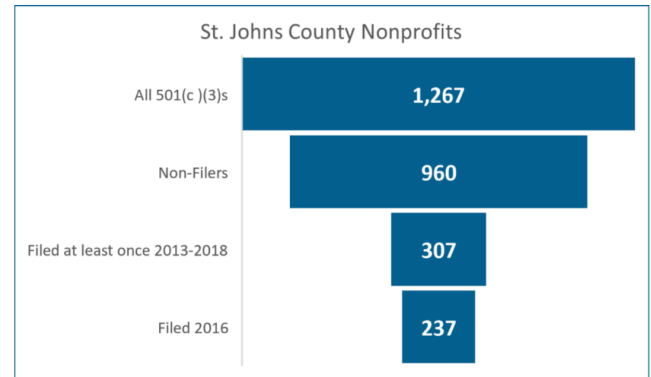
## HOW MANY NONPROFITS?

In 2016, the most recent year with full data, 237 nonprofits based in St. Johns County filed tax returns with the Internal Revenue Service.

In total, the IRS reports 1,267 public charities based in St. Johns County have 501(c)(3) nonprofit tax-exempt status. But most of these organizations are so small they are not required to report annually to the IRS. Others have relocated out of the area or gone out of business but not had their status updated in the IRS database. Still others have had their tax exemption revoked for noncompliance at some point during the 2012-2017 period.

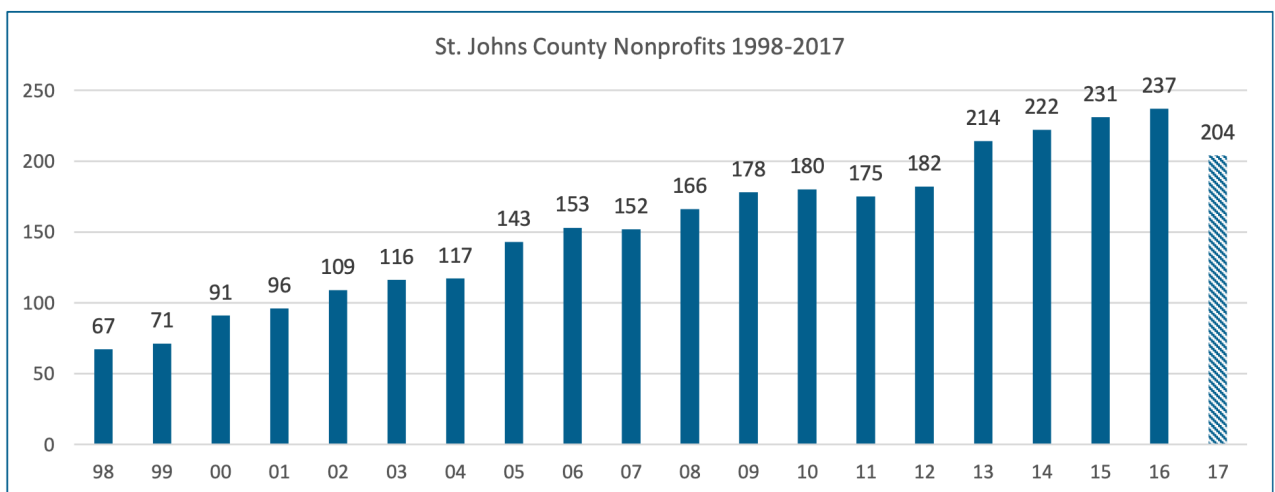
The nonprofits reflected in the State of the Sector report have active tax exemptions, were based in St. Johns County in the year in question and filed either a Form 990 or a Form 990EZ with the IRS for that year. Annual filing generally is required of any active nonprofit with revenues of \$50,000 or more.<sup>1</sup> In other words, the organizations that file are the organizations that provide the bulk of nonprofit services in the county.

Between 1998, the first year for which State of the Sector data was gathered, and 2016 the number of St. Johns nonprofits meeting these criteria (active



exemption, based in county, filed in most recent year) increased 254%.<sup>2</sup> But much of the growth in the early years was the result of increased filing compliance rather than creation of new organizations. In the last decade, St. Johns' nonprofit sector has grown 56%.

The sector is not a static cohort. Organizations are created, go out of business, move away or become idle, changing the makeup of the sector. Since 2012, about 30% of St. Johns County's nonprofit organizations have changed for one or more of these reasons, a churn rate that is slightly lower than the 32% recorded for the First Coast sector as a whole.



<sup>1</sup> The threshold was increased to \$50,000 from \$25,000 about 2010.

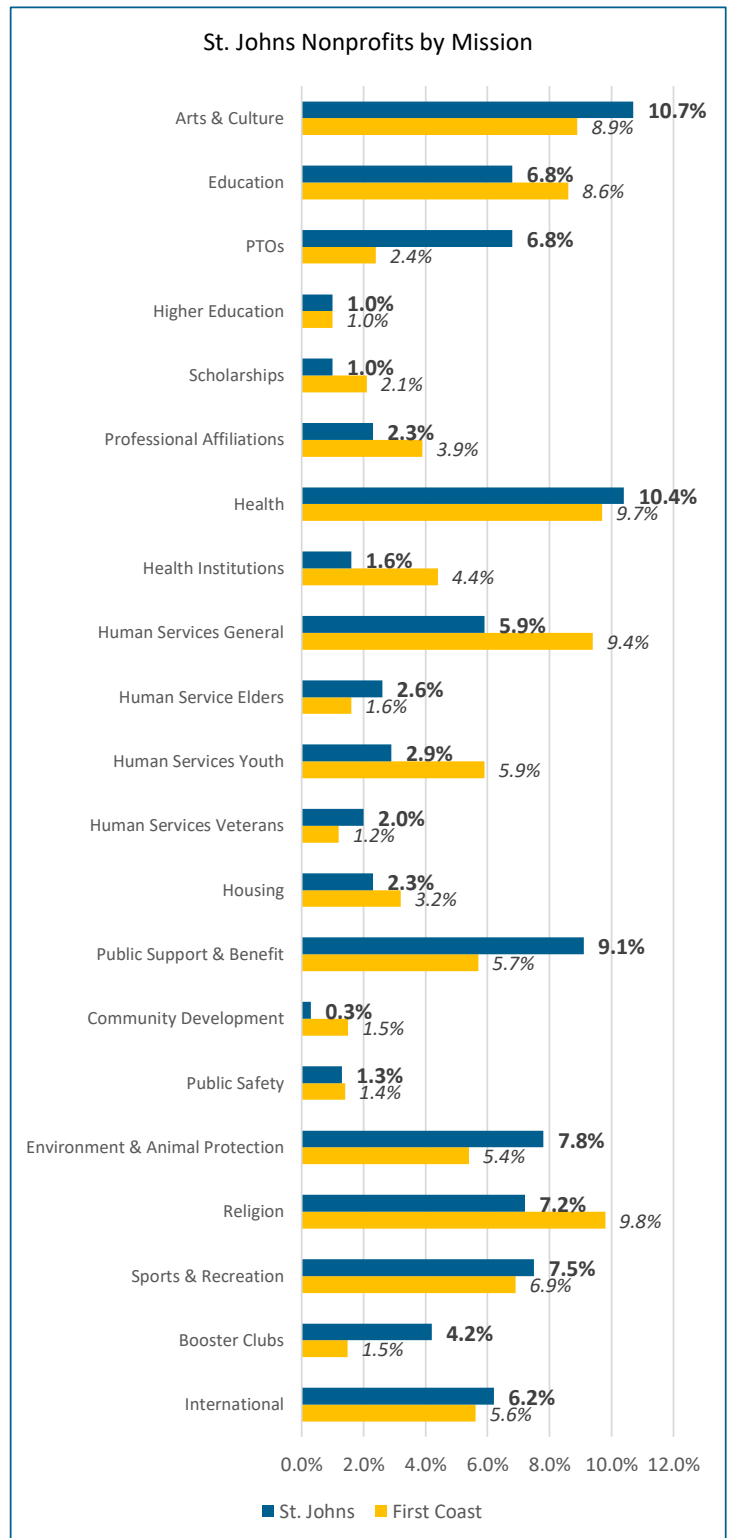
<sup>2</sup> 2017 data is still somewhat incomplete.

## NONPROFIT MISSIONS

St. Johns County nonprofits have a mix of missions that is somewhat different from those in the First Coast sector, reflecting the unique character of St. Johns County. With many regional organizations headquartered in metropolitan Jacksonville in Duval County, St. Johns County residents (and residents of other neighboring counties) often rely on services from nonprofits located in other areas even if they are being delivered locally.

Nonetheless, St. Johns is home to large and robust regional nonprofit institutions, including health care institutions, retirement homes, a university, veterans organizations and others that provide services to local as well as regional and even national constituencies.

Additional detail on subsectors in the region can be found in the 2019 State of the Sector Report available on [nonprofitctr.org](http://nonprofitctr.org).



## FINANCES AND SIZE

Collectively, nonprofits based in St. Johns County had revenues of \$546 million in the most recent year and held assets of \$564 million.

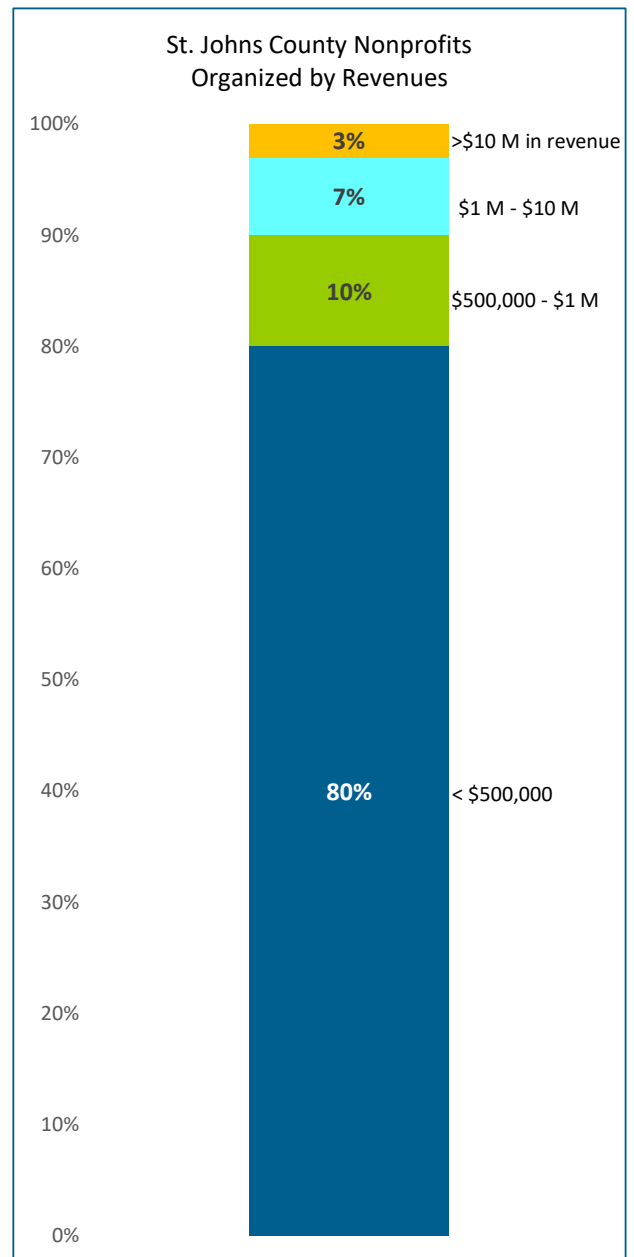
While some of these organizations are quite large, the majority are small, just as in the broader First Coast nonprofit sector. In St. Johns County, more than three-quarters of nonprofits had annual revenues of less than \$500,000 in the most recent year, and more than half of those had revenues of less than \$100,000.

Across the First Coast, the aggregate financial wealth of the nonprofit sector is enhanced significantly by the presence of large, nonprofit health institutions – hospitals, nursing homes, specialty residential health care facilities and the many supporting institutions affiliated with these nonprofits.

That also is true in St. Johns County, but to a lesser extent. Health Institutions in St. Johns County comprise less than 2% of the county's nonprofits but account for 48% of the most recent year's revenues and 26% of the net assets. (See chart on Page 5).

### Largest St. Johns County Nonprofits Ranked by Revenues

1. Flagler Hospital
2. Flagler College
3. World Golf Foundation
4. Early Learning Coalition of North Florida
5. Vicars Landing
6. St. John's County Welfare Federation
7. The Arc of the St. Johns Inc.
8. K9s For Warriors
9. Life Care St. Johns
10. St. Johns County Council on Aging
11. PGA Tour Charities
12. Tim Tebow Foundation
13. Epic Community Services
14. Betty Griffin Center
15. St. Johns Housing Partnership



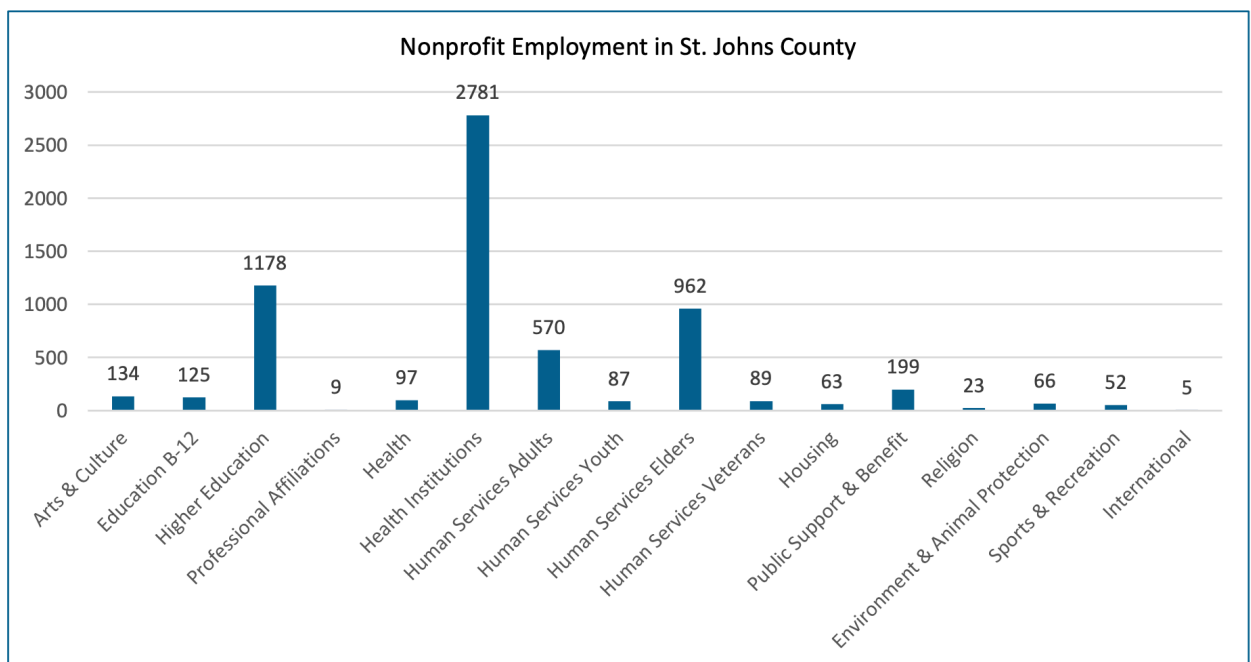
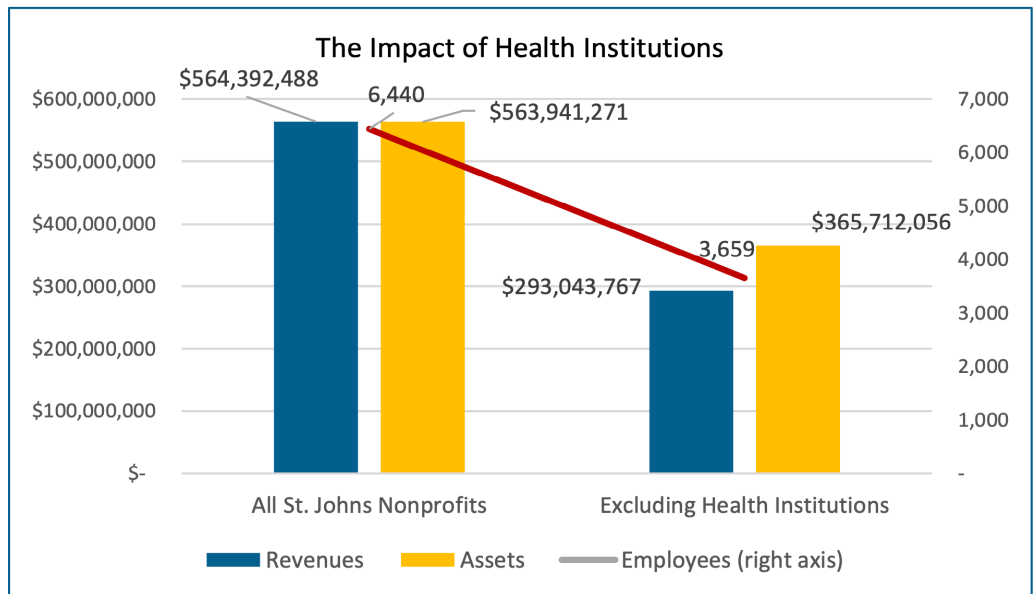
## NONPROFIT EMPLOYMENT

In the most recent year, St. Johns County nonprofits employed 6,440 individuals, about 9% of the total First Coast nonprofit workforce and about 11% of the total paid workforce in St. Johns County.

More than 40% of those were employed by St. Johns County health institutions.

Only 12% of St. Johns County nonprofits reported employment of 10 or more workers. And 71% of the county's nonprofits reported having no paid employees.

These statistics are in keeping with nonprofit employment trends region-wide. In the most recent year, 66% of First Coast nonprofits reported having no paid employees.



## HOW NONPROFITS ARE FUNDED

St. Johns County nonprofits, like their peers across the country, have three primary revenue streams:

**CONTRIBUTIONS** – Gifts from individuals, charitable foundations and grantmaking entities, including for-profit businesses.

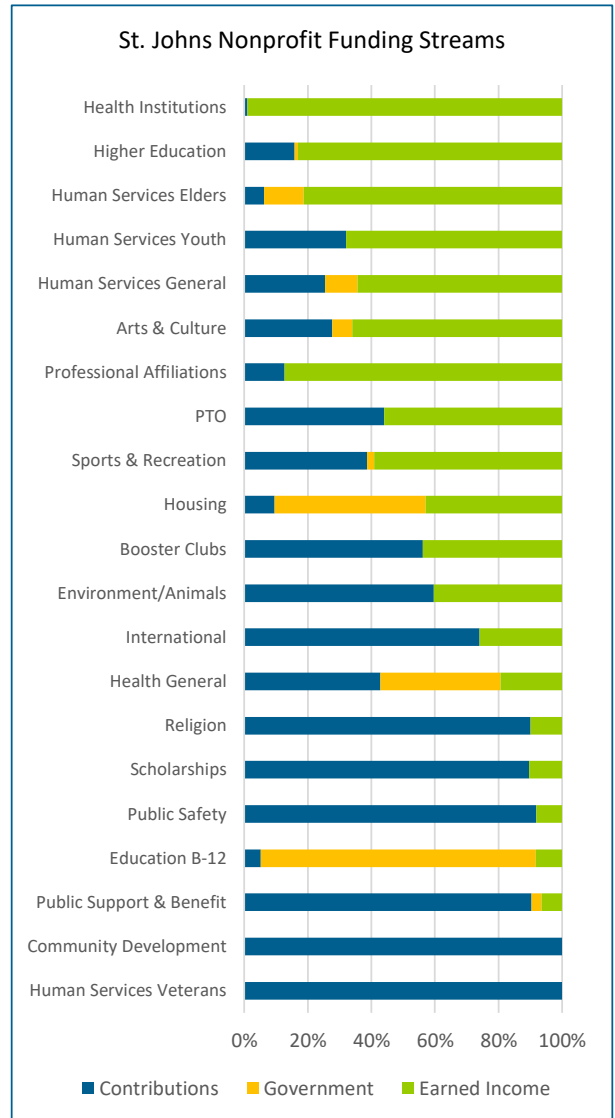
**GOVERNMENT FUNDS** – Government funding comes in many forms. For the most part, this report recognizes government funding as government grants, whether they are relatively small grants made by local government or multi-million-dollar grants awarded by the State of Florida or the federal government.

**EARNED INCOME** – Many nonprofits charge fees for their services and many nonprofits receive third-party reimbursement for their services (insurance payments, Medicare/Medicaid, rental subsidies, etc.).

St. Johns County Nonprofits Filing in Most Recent Year		
Income from Contributions	Income from Government	Earned Income
19%	8%	69%

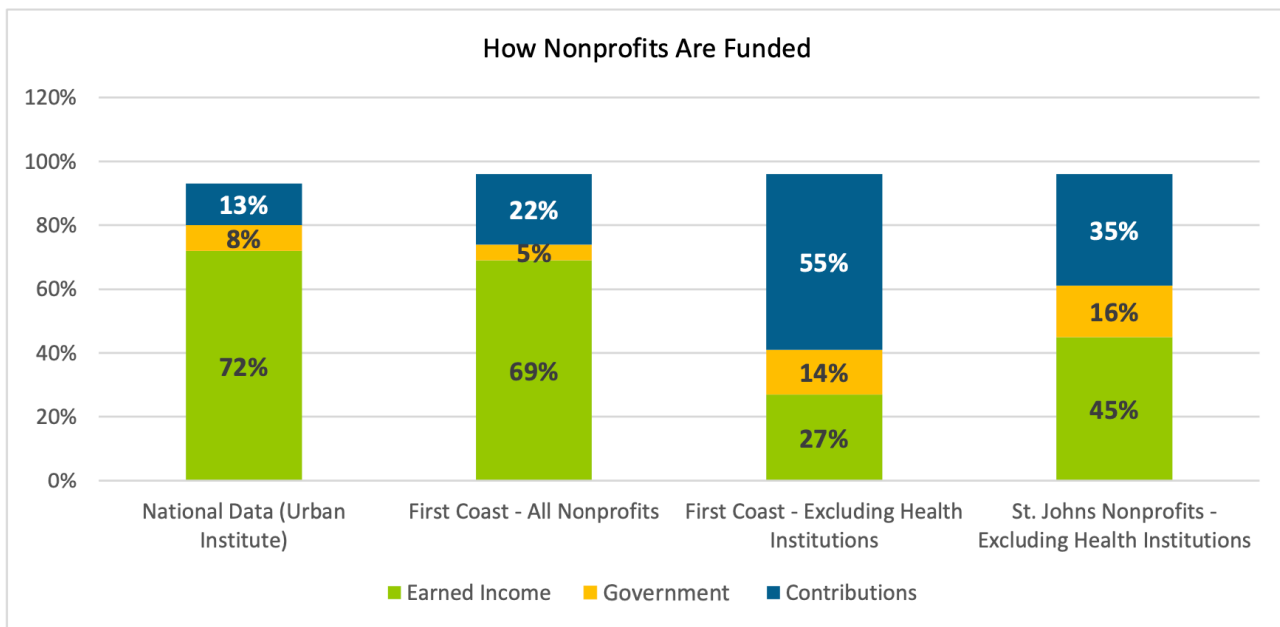
For St. Johns County nonprofits reporting in the most recent year, earned income was the largest aggregate income stream. In fact, 25% of St. Johns nonprofits earned more than half of their income – comparable to the rate for all Florida nonprofits.<sup>3</sup>

Sixteen of those nonprofits earned all of their income. How? One is a folk festival, another a golf tournament. Others include a martial arts center, a dance studio and a booster club. The largest is a nonprofit that provides management services for nonprofits providing long-term care.



These are the outliers, however. Typically, nonprofits rely on all three revenue streams. Across the sector, the mix of income varies greatly among different types of nonprofits, as shown in the table above.

<sup>3</sup> Based on a separate analysis by Guidestar. State of the Sector data shows that across the First Coast, about 31% of nonprofits earn half or more of their income.



## GOVERNMENT FUNDING

In the aggregate, St. Johns County nonprofits appear less reliant on government funding than the overall First Coast sector. St. Johns nonprofits received 8% of their revenue from government grants in the most recent year, while all First Coast nonprofits, excluding health institutions, received 14% of revenue from government grants.

However, St. Johns Education B-12 nonprofits have a very high proportion of government funding. This is due to two factors:

- The Early Learning Coalition of North Florida, based in St. Johns, provides subsidies for early child care to qualifying families in Baker, Bradford, Clay, Nassau, Putnam and St. Johns counties. The coalition receives virtually all of its funding from the State of Florida.
- Two charter schools receive virtually all of their funding from state and county government.

Collectively, funding streams for all First Coast nonprofits mirror those of nonprofits nationally, as reported by the Urban Institute.<sup>4</sup> When Health Institutions – which receive extraordinary amounts of third-party payments – are excluded, funding streams look quite different, both for the First Coast and for St. Johns County nonprofits.

<sup>4</sup> The Nonprofit Sector in Brief 2015.

## NONPROFIT FINANCIAL HEALTH

One measure of nonprofit health is the degree to which nonprofit organizations operate in the black – taking in more money than they spend in a given year, saving the excess as reserves to be used for special needs or in times of stress.

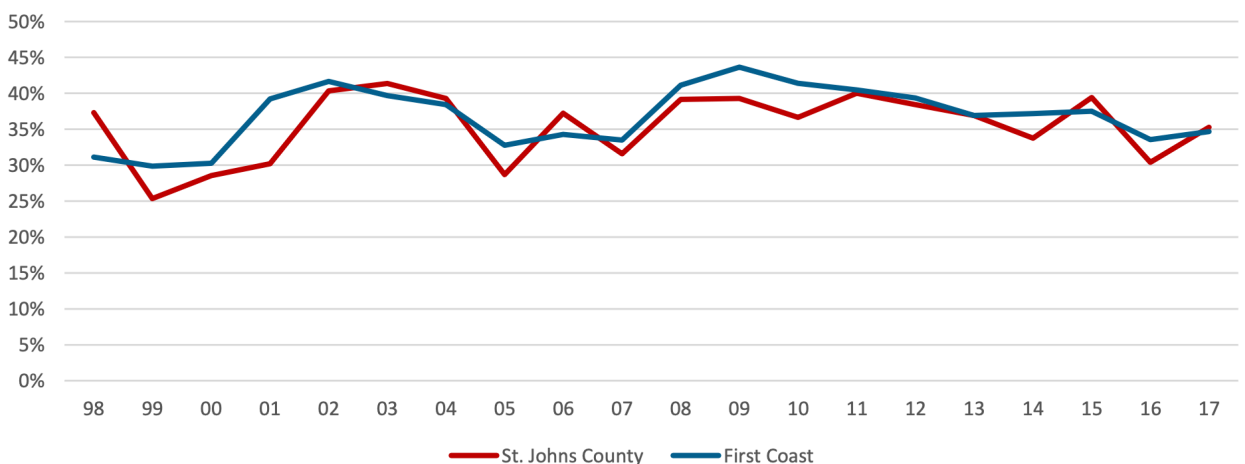
Through the years, the State of the Sector has tracked the percentage of nonprofits operating in the black vs. in the red. This trendline clearly shows the impact of the recession in the early 2000s, as well as the impact of the Great Recession in 2008 and the years following.

St. Johns County nonprofits generally track the performance of the larger First Coast cohort on this measure. The more ragged trajectory of the trendline is due primarily to the fact that St. Johns County nonprofits constitute a much smaller cohort; changes in a few organizations' status can cause more dramatic statistical shifts.

This body of data has revealed some fundamental truths:

- About one in three nonprofits will operate in the red in any given year – even in normal, or prosperous, times. This is not the result of poor management necessarily; often it is because an organization is drawing on its reserves to finance a special project or expansion or other activity.
- Similarly, any given nonprofit is likely to operate in the red at least one out of every three years. Again, this often reflects the need to extend financially one year before recouping those extraordinary expenses in subsequent years.

Percent of St. Johns County Nonprofits Operating in the Red



<sup>1</sup> The threshold was increased to \$50,000 from \$25,000 about 2010.

<sup>2</sup> 2017 data is still somewhat incomplete.



# INDIVIDUAL GIVING IN ST. JOHNS COUNTY

Contributions to nonprofit organizations can come from multiple sources – charitable foundations, charitable giving funds such as United Ways, donor-advised funds or giving circles, corporate giving programs, or individuals. Historically, the largest source of charitable giving comes from individuals. Giving USA estimates that 70% of all charitable giving in 2017 came from gifts from individuals.<sup>5</sup>

Individual charitable contributions for tax years prior to 2018 can be monitored by analyzing IRS reports on itemized deductions on individual tax returns.<sup>6</sup> While this analysis does not capture all contributions (those not claimed on individual tax returns are not captured), it provides a consistent year-to-year picture of giving at a local level and, arguably, captures the bulk of individual giving in terms of value.

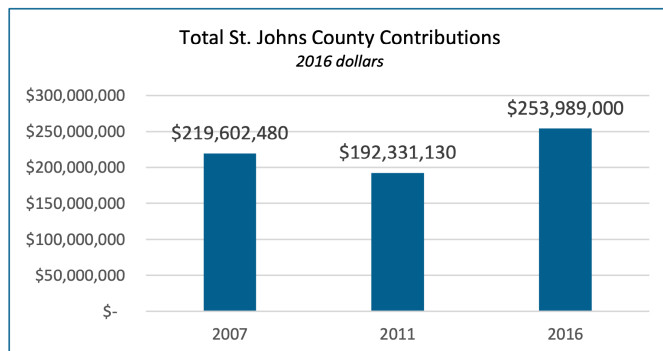
IRS data for tax year 2007 through tax year 2016 (the latest year available) reveals the following trends for giving by individuals in St. Johns County:

## ST. JOHNS CHARITABLE CONTRIBUTIONS REBOUNDED STRONGLY, UNLIKE OTHER COUNTIES

Total charitable contributions in St. Johns County made a strong comeback after plummeting during the Great Recession.

Contributions in 2016 were 16% above 2007 levels, adjusted for inflation.

This is in sharp contrast to the modest 3.7% gain seen across the First Coast or the less than 1% gain seen in neighboring Clay County.

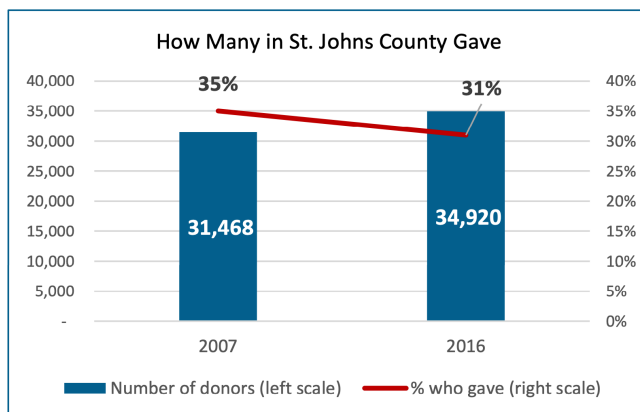


## WHILE THE POOL OF DONORS GREW, THE PERCENT OF THOSE WHO GAVE DECLINED

St. Johns County is unique in that the number of donors increased between 2007 and 2016. St. Johns added 3,452 donors in the period, while the First Coast as a whole lost almost 30,000 donors.

But the gains did not keep pace with population growth in St. Johns County: the number of tax filers in the county increased by roughly 20,000 during the period. Consequently, the share of those who gave in St. Johns dropped from 35% to 31%.

The number of lower-income donors dropped while donors in both the middle-income and upper-income brackets increased.



<sup>5</sup> Giving USA 2018: The Annual Report on Philanthropy for the Year 2017. Researched and written by Indiana University Lilly Family School of Philanthropy. Sponsored by Giving USA Foundation, a public service initiative of The Giving Institute. © 2018 Giving USA Foundation

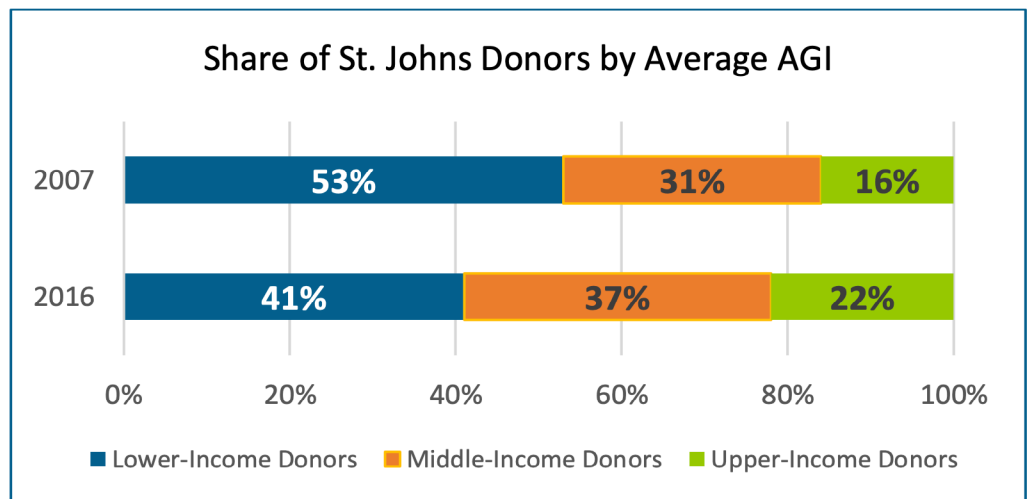
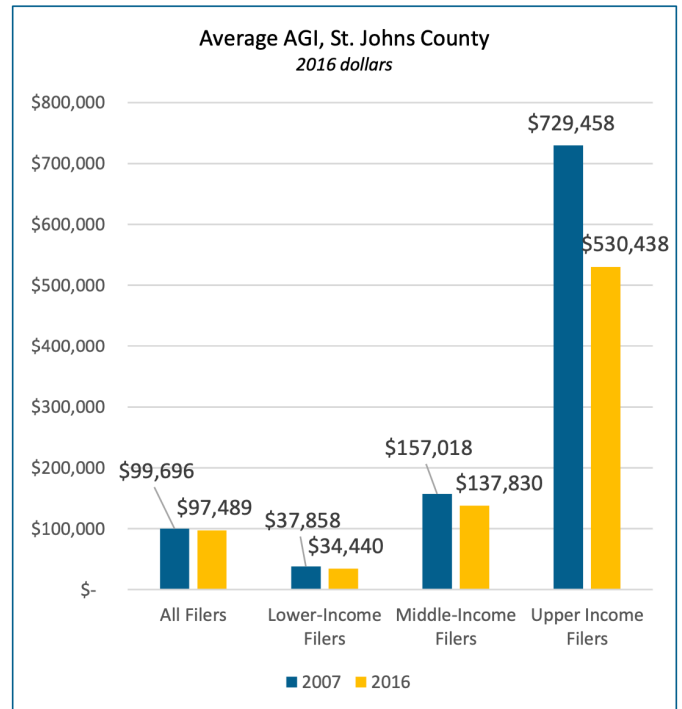
<sup>6</sup> The Tax Cut and Jobs Act of 2017, which dramatically reduces the percent of taxpayers who itemize deductions, likely will render these comparison invalid for tax years 2018 and beyond.

## INDIVIDUALS IN ST. JOHNS COUNTY WERE NOT AS WEALTHY IN 2016 AS THEY WERE BEFORE THE RECESSION

When adjusted for inflation, average AGI (adjusted gross income) of tax filers in St. Johns County in 2016 was lower than in 2007. Average AGI was down 9% among lower-income filers, down 12% among middle-income filers and down 27% among upper-income filers.

- Lower-income filers are those with AGI of \$100,000 or less.
- Middle-Income filers have an AGI of \$100,000 to \$200,000.
- Upper-income filers have an AGI of more than \$200,000.

Consequently, the overall makeup of the donor pool changed. By 2016, there were proportionately fewer lower-income donors and more middle- and upper-income donors.



## MANY OF THOSE WHO GIVE ARE GIVING MORE

Among all St. Johns County donors, the average contribution expressed as a percent of average AGI, when adjusted for inflation, increased slightly from 7% in 2007 to 7.5% in 2016.

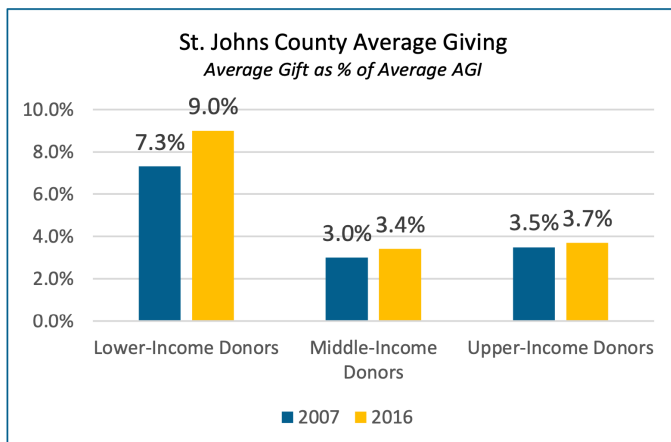
Among lower- and middle-income donors, the average contribution increased both in actual dollars (adjusted for inflation) and as a percent of average AGI.

Among upper-income donors, however, the average contribution declined by almost \$6,000, adjusted for inflation. But when expressed as a percentage of average AGI, contributions by this group increased slightly from 3.5% to 3.7%.

This reflects the significant drop — 27% — in average AGI among the upper-income group between 2007 and 2016.

## CHARITABLE GIVING SHIFTS TO MIDDLE- AND UPPER-INCOME DONORS

Since 2007, the aggregate giving of lower-income donors in St. Johns County has remained relatively unchanged, while the aggregate giving of middle- and upper-income donors has increased substantially.



## FORECAST FOR FUTURE GIVING IS UNCERTAIN, ANALYSTS SAY

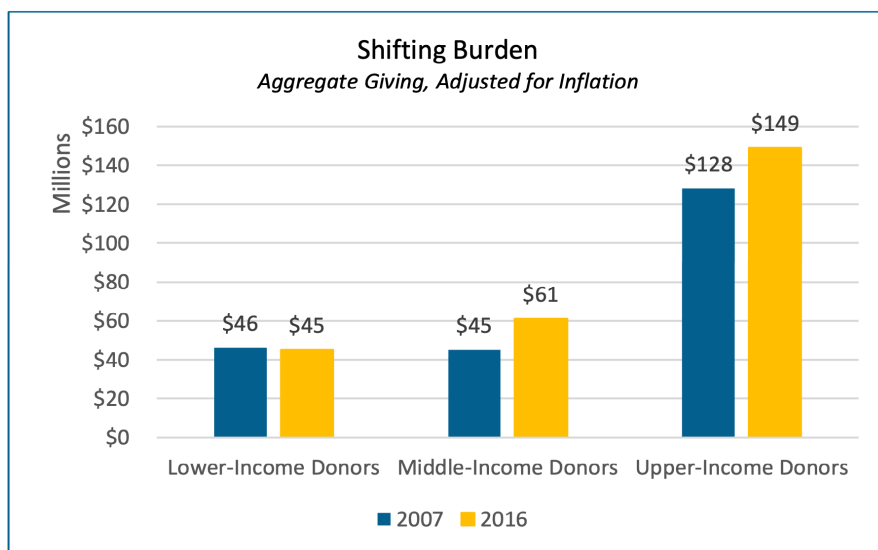
Several factors cause analysts to be cautious about future giving trends. Giving USA reported that, for 2018, charitable giving nationwide declined 1.7% when adjusted for inflation.

“The environment for giving in 2018 was far more complex than most years, with shifts in tax policy and the volatility of the stock market,” said Rick Dunham, chair of Giving USA Foundation and CEO of Dunham + Company.

In particular, the changes in tax law under the Tax Cut and Jobs Act of 2017 will cause unknown shifts in giving as fewer taxpayers are required to itemize deductions. More than 45 million households itemized deductions in 2016, Giving USA reported;

numerous studies suggest that number may have dropped to approximately 16 to 20 million households in 2018, reducing an incentive for charitable giving.

“With many donors experiencing new circumstances for their giving, it may be some time before the philanthropic sector can more fully understand how donor behavior changed in response to these forces and timing,” said Amir Pasic, Ph.D., the Eugene Tempel Dean of the Lilly Family School of Philanthropy.



## ST. JOHNS COUNTY INDIVIDUAL GIVING

	<i>All Dollar Amounts Adjusted for Inflation</i>	
2007	ALL TAX FILERS	2016
90,202	Number of returns	111,130
\$8,992,797,880	Total AGI	\$10,833,914,000
\$99,696	Average AGI	\$97,489
31,468	Number of Donors	34,920
\$219,602,480	Total Contributions	\$253,989,000
35%	% who give	31%
\$6,979	Average Contribution	\$7,273
	Lower-Income Filers	
	AGI <\$100,000	
71,687	Number of returns	79,930
\$2,713,939,580	Total AGI	\$2,752,793,000
\$37,858	Average AGI	\$34,440
16,811	Number of Donors	14,400
\$45,560,510	Total Contributions	\$44,537,000
23%	% who give	18%
\$2,710	Average Contribution	\$3,093
	Middle-Income Filers	
	AGI \$100,000-\$200,000	
12,625	Number of returns	21,570
\$1,982,354,310	Total AGI	\$2,973,003,000
\$157,018	Average AGI	\$137,830
9,634	Number of Donors	12,900
\$44,953,730	Total Contributions	\$60,620,000
76%	% who give	60%
\$4,666	Average Contribution	\$4,699
	Upper-Income Filers	
	AGI >\$200,000	
5,890	Number of returns	9,630
\$4,296,507,460	Total AGI	\$5,108,118,000
\$729,458	Average AGI	\$530,438
5,023	Number of Donors	7,620
\$128,081,300	Total Contributions	\$148,832,000
85%	% who give	79%
\$25,499	Average Contribution	\$19,532

## ABOUT THIS STUDY

Since 2004, the Nonprofit Center of Northeast Florida and the Jessie Ball duPont Fund have worked together to create quantitative analyses of Northeast Florida's nonprofit sector. These State of the Sector reports are intended to give the public, donors and funders, policy makers and nonprofits themselves, a richer understanding of this unique universe of organizations so important to the region's quality of life.

Because of ever-improving access to data, this 2019 State of the Sector report provides a more detailed look at the sector than in prior years.

This St. Johns County report is part of a series, including a detailed regional report. The reports can be found at **[nonprofitctr.org](http://nonprofitctr.org)**.

Almost 2,000 nonprofit organizations were examined in the course of preparing the reports. That cohort of organizations is extraordinarily diverse in size, structure, mission and funding.

Nonprofits, by common definition, are entities not established for the purpose of making a profit. But the official imprimatur of nonprofit status comes from the Internal Revenue Service, which determines whether organizations are nonprofit and, thus, exempt from most taxes. To qualify as a 501(c)(3) public charity with the IRS, an organization must meet two requirements outlined in the IRS code:

- The organization's profits, if any, may not be used for private gain. "The organization must not be organized or operated for the benefit of private interests, and no part of a section 501(c)(3) organization's net earnings may inure to the benefit of any private shareholder or individual."
- The entity must be organized for an exempt purpose. "The exempt purposes set forth in section 501(c)(3) are charitable, religious, educational, scientific, literary, testing for public safety, fostering national or international amateur sports competition, and preventing cruelty to children or animals. The term charitable is used in its generally accepted legal sense and includes relief of the poor, the distressed, or the underprivileged; advancement of religion; advancement of education or science; erecting or maintaining public buildings, monuments, or works; lessening the burdens of government; lessening neighborhood tensions; eliminating prejudice and discrimination; defending human and civil rights secured by law; and combating community deterioration and juvenile delinquency."

Data for this report, unless otherwise noted, comes from the tax forms that nonprofits file with the IRS – in other words, from the organizations themselves. More detail on methodology can be found in the full regional report on page 43, available at **[nonprofitctr.org](http://nonprofitctr.org)**.

This edition of State of the Sector was prepared by Mary Kress Littlepage, KBT & Associates, based on data available in the first quarter of 2019.



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