The founder of the organization, Salman Khan, was born to an Indian mother from Kolkata and a Bangladeshi father, according to Time Magazine of July 9, 2012, living in New Orleans, Louisiana, United States. His father is from Barisal, Bangladesh. After earning three degrees from the Massachusetts Institute of Technology (a BS in mathematics, a BS in electrical engineering and computer science, and an MS in electrical engineering and computer science), he pursued an MBA from Harvard Business School.

In late 2004, Khan began tutoring his cousin Nadia in mathematics using Yahoo!’s Doodle notepad. When other relatives and friends sought similar help, he decided it would be more practical to distribute the tutorials on YouTube.[5][7] Their popularity there and the testimonials of appreciative students prompted Khan to quit his job in finance as a hedge fund analyst at Connective Capital Management in 2009, and focus on the tutorials (then released under the moniker "Khan Academy") full-time.[7] Bill Gates once said that "I'd say we've moved about 160 IQ points from the hedge fund category to the teaching-many-people-in-a-leveraged-way category. It was a good day his wife let him quit his job."[8]

The project is funded by donations. Khan Academy is a 501(c)(3) not-for-profit organization,[2] now with significant backing from the Bill & Melinda Gates Foundation and Google. Several people have made US$10,000 contributions; Ann and John Doerr gave $100,000; total revenue is about $150,000 in donations. Additionally, it earned $2,000 per month from ads on the website in 2010 until Khan Academy ceased to accept advertising.[9] In 2010, Google announced it would give the Khan Academy $2 million for creating more courses and for translating the core library into the world’s most widely spoken languages, as part of their Project 10^100.[10]

Khan Academy has eclipsed MIT’s OpenCourseWare (OCW) in terms of videos viewed. Its YouTube channel has over 150 million total views, compared to MIT’s 38 million. It also has twice as many subscribers, at more than 320,000.