



FREQUENTLY ASKED QUESTIONS

∴ **What is a Community Foundation?**

The ***Murray-Calloway County Community Foundation, Inc.*** is one of more than 700 community foundations across the country. Community foundations are set up by people, corporations, and families dedicated to improving the quality of life in a specific region.

We are a tax-exempt public charity that allows people to establish permanent endowment funds within one large Foundation, and offers an inexpensive, value-added way to be a philanthropist. Each separate fund's distribution is available to respond to emerging problems and specific opportunities that arise.

∴ **What does a Community Foundation do?**

The ***Murray-Calloway County Community Foundation*** was established in 2010 to encourage philanthropy and create opportunities to improve the quality of life for present and future generations in Murray and Calloway County. Our work is to build endowment funds that will support our community needs, from the arts, to civic engagement, education, conservation and preservation, to health, human and social services.

∴ **Who do you serve?**

The ***Murray-Calloway County Community Foundation*** serves Murray and Calloway County. Some donors, however, have regional, state and national interests they may wish to fund through the Murray-Calloway County Community Foundation.

∴ Where do you get the money to donate?

Donors to community foundations range from people of relatively modest means to those with -substantial financial resources. Donors can establish a fund or donate to an existing appreciated property toward a permanently named endowment fund. Many donors are interested planned _giving and have named a community foundation in their charitable remainder trusts or bequests.

∴ Why should I be a donor?

The ***Murray-Calloway County Community Foundation*** donors are people with a strong sense of community and personal commitment to the community. Some donors want to support worthwhile causes and our community foundation can help them find the best way to donate their funds.

Other donors appreciate the flexibility and ease of using a community foundation. Because the legal structure is already in place, funds can be established in a very short time and obtain the greatest possible tax advantages.

∴ What do you fund and what are the financial benefits and tax advantages of gifting to the Community Foundation?

Our funding is shaped by our donors. Their vision is our grant-making stewardship for this and future generations.

Because community foundations manage a large -number of funds. administrative costs and service fees for any one fund are minimized. This results for fewer overhead cost to the donor's fund. Another important advantage is that the Federal Tax Code provides significant incentives for contributions to a community foundation.

Our community foundation has a number of different types of funding opportunities to accommodate donors who prefer the long-term strategy of endowments as well as those who want to give more actively each year. Donors can choose to establish one of these funds which allow donors to recommend grants, or can choose to contribute to an existing fund that is flexible to respond to emerging needs in the community.

∴ **How do I set up a fund?**

The first step is to decide what kind of fund you want to set up. Also, think about the kinds of issues that interest you, as well as specific charities you support. The Board of our community foundation is available to answer any questions you may have. Sample fund agreements are usually submitted with any inquiry. In addition, we can refer questions to the staff of the Community Foundation of West Kentucky.

Gifts also may be contributed to any of the existing general or specific purpose funds being managed by our community foundation as an affiliate of the Community Foundation of West Kentucky.

At the present time, the ***Murray-Calloway County Community Foundation*** is an affiliate of the Community Foundation of West Kentucky, Inc.

∴ **Why is the Murray-Calloway County Community Foundation, Inc. affiliated with the Community Foundation of West Kentucky, Inc.?**

The Community Foundation of West Kentucky, Inc. was established in 1997 and in 2000 expanded its service area to include the 20 most western counties of West Kentucky. It employs a full-time Executive Director as well as one full-time staff member. It currently has endowed funds of \$23 million. As an affiliate, ***the Murray-Calloway County Community Foundation*** can utilize the staff of the Community Foundation of West Kentucky and it will provide all IRS reporting and accounting activities. Therefore, all donations to the ***Murray-Calloway County Community Foundation*** can be utilized for grants with the exception of the small annual fees charged by the Community Foundation of West Kentucky for each fund that it administers.

The ***Murray-Calloway County Community Foundation*** plans to remain an affiliate until such time as it has sufficient donor funds to make it feasible to become a fully independent community foundation.

The contract between the Community Foundation of West Kentucky and the ***Murray- Calloway County Community Foundation*** guarantees that all donor funds secured by the ***Murray-Calloway County Community Foundation*** will be transferred to the ***Murray- Calloway County Community Foundation*** at such time as it becomes an independent community foundation except for those donor funds wherein the donor specifically precludes the transfer. One Board Member of the ***Murray-***

Calloway County Community Foundation is a member of the Board of Directors of the Community Foundation of West Kentucky

Currently the Community Foundation of West Kentucky has four other affiliates: the Community Improvement Foundation of Hopkins County, and the Glasgow/Barren County Community Foundation, Community Foundation of Henderson County and the Community Foundation of Marshall County.

∴ How can I give to the Community Foundation?

Some people prefer the simplicity of cash. There are, however, many other ways to give, including securities and real estate. Gifts to our community foundation may be made at a surprisingly low cost by giving real estate or securities that have appreciated in value.

Were the donor to sell the property, a substantial tax would be levied on appreciation, whereas a gift to our community foundation not only incurs no tax, but also entitles the donor to a tax deduction for the full market value.

∴ Explain the difference among a family foundation, a private foundation, and a community foundation. Does this have importance to my taxes?

Often people establish a family foundation or a private foundation because they are not aware that working through a community foundation may offer an easier alternative. In addition to the tax benefits listed below, setting up a fund through the community foundation has an extremely short turn-around time.

Additionally, the staff of the community foundation is available to help with grants, screen grant requests, and take care of auditing and financial reporting requirements. Many community foundation donors are also pleased by the fact that community foundations have none of the annual payout requirements of a family or private foundation. For example, donors may leave their funds dormant when they lack the time, in order to have a complete understanding of a particular request.

Community foundations combine the tax advantages of a public charity with the lasting quality of a private foundation. Gifts of cash and ordinary income property to a community foundation are deductible, up to 50% of adjusted gross income versus 30% for a private or family foundation. Gifts of appreciated property can be credited for 30% versus 20% for a private foundation. There is no excise tax on community foundations as there is on private foundations, and community foundations do not have the payout requirements as required by the IRS.

∴ How are the Foundation's funds invested and managed?

An Investment Committee of respected financial advisors from the Board of the Community Foundation of West Kentucky and the general community serve our community foundation. In addition, one member of the Board of Directors of the Murray-Calloway County Community Foundation serves on the Investment Committee. Currently, endowment funds are invested with the trust departments of Paducah Bank and USBANK. However, we encourage our donors to recommend other investment firms or services. All the funds are closely monitored and evaluated for performance on a quarterly basis.

∴ What services do I receive as a donor and is there a fee for this?

The Community Foundation of West Kentucky provides all IRS reporting, accounting, and accountability. The Murray-Calloway County Community Foundation Board reviews all grant requests from our service area of Murray and Calloway County. Approved requests are forwarded to the Community Foundation of West Kentucky to ensure that the requests meet or exceed the basic requirement for disbursement and it issues the checks. All scholarship grants are reviewed and in some cases scholarship grant recipients are interviewed to ensure all the criteria is met. When appropriate, our community foundation can help donors solicit proposals to fund certain categories of interest to the donors. Donors can be kept apprised of special community needs on a regular basis. We can also help donors publicize their funds or, conversely, act as a community liaison to provide anonymity for donors. Every fund receives a quarterly report on the status and activity of that particular fund.

Each fund is charged a small -setup and maintenance fee. The fee structure begins at $\frac{3}{4}$ of 1 percent for non-profits to 1 percent for all other fund's assets computed annually. Fees are paid out quarterly and no less than \$100 per year per fund. The remaining percentage is for charitable purposes. There is a \$300 setup fee that applies to all funds. Our community foundation does receive some donations directed toward underwriting our operating budget.

∴ To whom do the fund assets belong and under whose control are the distributions of funds?

Fund contributions become assets of the Community Foundation of West Kentucky until such time as we become a fully independent organization and, as such, are under the control of its Board of Directors. Our community foundation is organized for charitable purposes and should not be confused with a trust department in a bank or an investment service. Fund

distributions receive Board approval and, except in extraordinary circumstances, the principal of a permanently endowed fund remains untouched.

∴ What kind of funds may be established?

Scholarship Funds	Donor Advised Funds
Non-Profit Endowment Funds	Donor Advised Endowment Funds
Designated Endowment Funds	Corporate Donor Advised Funds
Filed of Interest Funds	Donor Advised Temporary Funds
Fiscal Sponsorship	Undesignated Funds

∴ How many endowments does the Murray-Calloway County Community Foundation have established as of September, 2018?

The *Murray-Calloway County Community Foundation* has 50 Endowments as of September 1, 2018 with total assets in excess of two million dollars (\$2,000,000.00). A list of the current endowment is attached hereto. Contributions in any amount may be made to an existing endowment.

∴ Are new Members being accepted into the Murray-Calloway County Community Foundation?

An individual or couple may become members by making a one-time donation of two hundred fifty dollars (\$250.00). A business can become a member by making a one-time contribution of one thousand dollars (\$1,000.00). The membership is a life time membership. The membership donation goes into the general operating fund of the *Murray-Calloway County Community Foundation*.

∴ What is the Endow Kentucky Tax Credit and what are the benefits to me?

The Endow Kentucky Tax Credit is available to any taxpayer domiciled in Kentucky. It can be an individual, a couple, a corporation, a limited liability company, a partnership, and any other legal entity recognized by the Commonwealth of Kentucky. However, the tax credit is limited for each fiscal year of the state. Thus, it is available on July 1st of each year. There is a limited amount for each fiscal year and the total amount available is usually gone by July 15th of each year. To qualify for the tax credit, an application is filed on or about July 1st each year. The *Murray-Calloway County Community Foundation* will assist you in filing the application. The Kentucky Department

of Revenue will then review the application and send an approval letter to the potential donor. Once approved by the Kentucky Department of Revenue, the applicant has thirty (30) days to make the gift. The gift has to be made to an existing endowment or to start a new endowment. The tax credit is in the amount of twenty percent (20%) of the gift. For example, if the gift is for five thousand dollars (\$5,000.00), the tax credit will be one thousand dollars (\$1,000.00). Thus, the donor will have paid one thousand dollars of their Kentucky income tax for the year of the gift. In addition, the donor will get the standard state and federal charitable deduction on their respective tax returns.

∴ How much must I contribute to have a fund named?

Endowed funds require \$10,000. However, a fund may be started with \$1,000 with five years to build to \$10,000. No disbursements will be made until the fund reaches \$10,000. Others may be started for as little as \$100. Any amount can be donated to an existing endowment. The ***Murray-Calloway County Community Foundation*** has received checks ranging from \$100 to \$100,000 for existing Endowments.

∴ Who are the current board members of the Murray-Calloway County Community Foundation?

Harold T. Hurt, President/Chairman of the Board, *hhurt@hthlawfirm.com*
Glenda Rowlett, Executive Volunteer, *gkrowlett@gmail.com*
Zach Dunlap, Vice President, *zach.dunlap@usbank.com*
Linda Avery, Secretary, *lindaavery@kycourts.net*
Matt Hale, Treasurer, *mhale@atacpa.net*
Kimberley Griffith, Strategic Assistant to the Board, *kimberley@hthlawfirm.com*
Gary Brockway, *gbrockway@murraystate.edu*
Brian Overbey, *brian.overbey@bankwithheritage.com*
Alice Rouse, *ajrouse@murray-ky.net*
Sharlisa Smotherman, *sharlisa.smotherman@ky.usda.gov*
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Aaron Dail, *aarond@cfsves.com*

Tony Watkins, Executive Director of Community Foundation of West Kentucky, Inc., *tjwatkins51@aol.com*

∴ Who can I contact for more information on the Murray-Calloway County Community Foundation?

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