

FREQUENTLY ASKED QUESTIONS ABOUT COMMUNITY FOUNDATIONS

Q. What is a community foundation?

- Community foundations are public charities that share a common goal: improving the quality of life in their geographic areas.
- Community foundations are repositories for permanent endowments. Income earned on the endowments is granted to non-profits. The principal of the endowments is never spent — only the income earned on the investment of the principal.
- Individuals, families, businesses and organizations create permanent charitable funds to help their community meet its needs. The foundation invests and administers these funds.
- Community foundations are overseen by a volunteer board of leading citizens and run by professionals with expertise in identifying their community's needs.
- Community foundations often facilitate community-wide conversations about important community topics such as affordable housing, education and healthcare.
- Community foundations are a resource for nonprofit organizations, providing grants and technical assistance training in a wide variety of areas.

Q. Is a Community Foundation a "charity"?

Yes, once established. As an affiliate of the Central Kansas Community Foundation, the _____ Community Foundation is a charitable organization under the tax code. Our primary role is to encourage, channel and administer philanthropy to benefit organizations serving our community. Donors contribute through the Foundation to the community by way of a charitable fund administered by the Foundation.

Q. Who can give?

Anyone. Donors to the Foundation are from a variety of backgrounds with a common commitment to the community's well being.

Q. What's the minimum donation?

No gift is too small. Gifts of \$25, \$10, or even \$1 can be made to an existing named fund such as an organization, field of interest or scholarship fund, or to our unrestricted grant fund as memorials or charitable contributions. That is what makes this truly a community foundation. Minimums do exist for those who wish to establish a named fund, usually \$10,000 is required for opening a named fund.

Q. What is the difference between the Foundation and the United Way?

The United Way raises money each year and distributes all that it collects to qualifying organizations (the charitable checkbook) that have been pre-designated. The Foundation manages permanently endowed funds, which, for the most part, only distribute a portion of income in grants each year (the charitable savings account).

Q. Why establish a fund with the foundation instead of giving directly to a favorite charity?

Donors who want to ensure that their gifts will support organizations over the long term find that community foundations offer them the expertise, flexibility, and financial resources to give more to the community while gaining the maximum tax advantages for contribution.

Q. What are the costs associated with keeping a fund with the Foundation?

The Foundation provides administrative and investment management services to donors, including gift acceptance and receipt, regular fund statements, filing of tax and legal documents, granting advice and more. The Administrative Fee Schedule is available on our website under the “About” tab, Organizational Information.

Q. How are the funds managed?

A local board of directors guides the foundation, chosen because of their knowledge of and contributions to the community as well as their diverse representation of the community. Guided by a written investment policy, also available on the website on the Organizational Information page (see above), the Finance Committee makes decisions about how the funds are to be invested. The local affiliate Community Foundation board is responsible for all grant distributions from the Foundation.

Q. Who should I contact to discuss establishing a fund?

You may talk to any member of the affiliate Community Foundation board or call the Central Kansas Community Foundation at 316-283-5474. All inquiries are held in confidence. You may also email angie@centralkansascf.org. The offices of the host foundation Central Kansas Community Foundation are located at 400 South Main, Suite 100 in Newton, KS.

Q. Can grants be made to organizations outside of the local community?

The Foundation can channel donor distributions anywhere in the country, as long as recipients are nonprofit organizations qualified as 501(c)(3).

Q. What costs are involved?

There is no cost to set up a fund. There is an annual administrative fee (see Fee Schedule on website) to cover the costs of receipting, accounting and managing the funds. All funds share equally in any investment fees.

Q. Who monitors the Foundation?

The Central Kansas Community Foundation undergoes a full audit every year. In addition, we are accredited as having met National Standards from the National Council on Foundations. This rigorous accreditation process assures donors that all best practices are followed. All fund managers have 24/7 online access to information about their fund, including current balance, investment earnings accrued, contributions received, distributions made. Reports and statements are prepared also and made available online.