

The Community Connection

Philanthropic News from the Community Foundation of West Kentucky

New Community Fund to Address Needs in Our Area

There is a real need for a flexible fund to respond quickly to local and changing needs of West Kentucky. In response to this need, the Community Foundation of West Kentucky has established the COMMUNITY FUND, an unrestricted fund designed to provide grants to area nonprofit organizations that are providing broad support for the community's well being and responding to the most pressing issues of our time.

Unrestricted funds are ideal for donors who want to build maximum versatility into their charitable giving. By supporting the Community Foundation's Community Fund you are helping to catalyze change and fund innovative solutions to the region's most challenging problems. With the Community Fund, anyone can be a philanthropist because there is no minimum requirement on gifts. This is your chance to leave a lasting mark on the place you love.

A committee, under the direction of the Community Foundation's Board of Directors, will proactively use the COMMUNITY FUND to leverage dollars to develop and maintain vital community services through a competitive grant application process. You can be

assured that grants will be made to the most effective nonprofit organizations at the right time to meet community needs now and in the future. We cannot know what challenges lie ahead for our community, but we do know that a gift to the Community Fund will always be relevant and important to West Kentucky, and most of all, available when needed.

Contributions to the COMMUNITY FUND are tax deductible in the year the gift is made. Because the Community Foundation of West Kentucky is a 501(c)(3) public charity, each gift receives the maximum tax deduction available under federal law. When you contribute appreciated assets to the Community Foundation, you won't incur capital gains tax on the appreciated value.

You may contribute to the COMMUNITY FUND by donating online at www.cfwestky.org or by sending a check to the Community Foundation of West Kentucky, Inc., P. O. Box 7901, Paducah, KY 42002. If you wish to contribute by another method, contact the Community Foundation at (270) 442-8622 or toll free at (855) 242-CFWK. Together we can make a difference!

Community Foundation Accepting Flood Relief Grant Applications

The Community Foundation of West Kentucky is accepting grant applications from nonprofit groups, government agencies, and religious institutions that provide recovery and restoration services to the people of West Kentucky. The focus of the grants will be to provide direct services to individuals and families who have been impacted by the 2011 floods and storms and who have exhausted all available assistance but still need help in rebuilding their lives. Organizations applying must be a 501(c)(3) public charity, a government agency or a religious institution and be located in the West Kentucky region. Agencies must demonstrate active in-

volvement in the long term recovery process and must possess the expertise and experience necessary to provide the assistance and services included in the grant request. Grants will not be made to individuals or on behalf of specific individuals. Four grants of \$1,750 will be awarded.



The Buzzard Brothers take a break from cooking during the Buzzard Bros. Smoke on the Water Flood Relief Fundraiser. Thanks to the Buzzard Brothers and many others, the Community Foundation has \$7,000 available for flood relief grants!

To see all of the grant requirements, download the application from our website at www.cfwestky.org or call the Community Foundation office at (270) 442-8622. Grant applications must reach the Community Foundation office by December 28, 2011 at 4:00 p.m.

Volume 1, Issue 2

Summer/Fall 2011

Goals:

- To provide our communities with a flexible vehicle which they can use to fulfill their financial and charitable interests.
- To build permanent funds for the broad charitable needs of our region now and into the future through gifts and bequests of donors.
- To preserve and enhance the quality of life in our area by responding to ever-changing needs of our community and by increasing the charitable resources available through local grants.
- To educate the citizens of the region about the value of philanthropy to our future.

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Endow Kentucky Tax Credit Benefits for Taxpayers



The **Endow Kentucky Tax Credit** enables any Kentucky business or individual taxpayer (individual income tax, corporation income tax and limited liability entity tax) to receive a **state tax credit** of up to 20% of the value of their charitable gift to a permanent endowment fund at one of the certified community foundations (limited to a credit of \$10,000 per tax payer). This limited-time opportunity is only available for fiscal years 2011 and 2012. Each fiscal year has \$500,000 in tax credits available.

Unlike a tax deduction, a credit is used to reduce the income tax liability dollar for dollar. So, if a donor has a Kentucky income tax liability of \$1,000, a donation of \$5,000 through Endow Kentucky would eliminate that tax altogether (20% of \$5,000 is \$1,000.)

What Gifts Qualify?

Gifts can be cash or appreciated stock and must be made to a qualified community foundation or affiliate foundation in Kentucky, such as the Community Foundation of West Kentucky and its affiliates. Donors may give any amount to an existing endowment at the Community Foundation as long as its grants support Kentucky nonprofit organizations. You also have an option to start a new endowment fund, including one that supports a rural county that is not currently serviced by a community foundation.

Overview of Application Process:

Before making a gift, the donor must **file an application** with the Kentucky Department of Revenue for preliminary approval of the intended charitable gift. If approved, the Department of Revenue will issue a preliminary approval letter.

Within 30 days of receiving the approval letter, the donor must make a contribution to an endowment fund at the Community Foundation.

Within 10 days of making the gift, the donor must send proof of the gift to the Department. The Com-

munity Foundation will provide the necessary document, which will describe and acknowledge the gift. The Department of Revenue will then issue their Notice of Endow Kentucky Tax Credit and Certification to the donor for attachment to their income tax return.

Credits Still Available

Applications for this fiscal year, which began on July 1, 2011, will be accepted through June 30, 2012, or until the credits run out, whichever comes first. As of November 18, 2011, \$378,000 in credits remain.

Getting Started

Contact the Community Foundation of West Kentucky at 270-442-8622 to discuss your plans for making a gift that may qualify for the Endow Kentucky Tax Credit. Don't miss this opportunity to make a lasting commitment to your community and the causes you care about.

Benefits for Nonprofits

Are you a nonprofit looking for a way to grow—or to start—your organization's endowment? Endow Kentucky is a great way to build your endowment program.

One nonprofit organization in Louisville mailed a letter to its top 500 donors about the new Endow Kentucky Tax Credit. Within a few days, their local community foundation had gifts for a new endowment fund of over \$30,000 and a commitment of a future gift of \$20,000. Your organization might find an effort of promoting the Endow Kentucky Tax Credit to be an effective fundraising tool as well.

Contact the Community Foundation of West Kentucky at (270) 442-8622. We will help you construct a letter that outlines the Endow Kentucky Tax Credit requirements.

Mission:
The mission of the Community Foundation of West Kentucky is to enrich the quality of life for all citizens in the West Kentucky region by being a leader in attracting, mobilizing, and focusing philanthropy resources to meet the area's needs for generations to come.



Christmas in the Park

Noble Park will again be ablaze in multi-colored lights this holiday season with Christmas in the Park. This is the fourteenth year Paducah Power System has hosted the event. It will be open each night through New Year's Eve from 6 to 9pm Sunday through Thursday and 6 to 10pm on Fridays and Saturdays. Admission is free.

Volunteers from various community groups man the Santa house in the park each night taking collections of canned goods and money for area food pantries. All donations are divided between the Salvation Army, Paducah Cooperative Ministry and Family Service Society.

10th Annual Fund Run a Success for the Community!

The Community Foundation of West Kentucky and UBS held the 10th Annual Fred Paxton Fund Run for Charities at Noble Park on July 13th. The Fund Run was named for the late Fred Paxton, who was instrumental in creating the event to help the region's nonprofits build endowment funds.

Thanks to the Fred and Peggy Paxton Endowment Fund of the Community Foundation of West Kentucky for providing the match money.

The following charities participated: American Red Cross—Paducah Chapter, Bellewood Presbyterian Homes for Children, Child Watch Children's Advocacy Center, Community Foundation of West Kentucky, Easter Seals, Family Service Society, Girl Scouts of Kentuckiana, Market House Museum, Market House Theatre, Merryman House, The National Quilt Museum, Paducah Cooperative Ministry, Project Aids Orphan, Rehab Associates Foundation, River City Mission, River Discovery Center, and Western Baptist Hospital Foundation.

Match money has been put in endowments for the charities listed below:

- Bellewood (\$3,627)
- Child Watch (\$10,000)
- Easter Seals (\$10,000)
- Market House Museum (\$3,772)
- Market House Theatre (\$6,297)
- National Quilt Museum (\$6,952)
- Paducah Cooperative Ministry (\$10,000)
- Project Aid Orphan (\$5,702)
- Rehab Associates Foundation (\$7,137)
- River Discovery Center (\$10,000)
- Western Baptist Hospital Foundation (\$9,092)



River Discovery Center had the most money raised with \$13,168 while Western Baptist Hospital Foundation had the most participants with 27. The Paducah Fire Department won the fastest Corporate Team. Kyle Barry won the 5K with a time of 18:01 and Evelyn Turner was the fastest female at 23:34.



African Proverb:

If you want to go fast, go alone.

If you want to go far, go together.



Many thanks to our sponsor!



Current Board of Directors

Chris Black - Board President*
 Carney Allen*
 Vicki Brantley
 Terry Bunnell - Glasgow Affiliate
 Eugenia Drossos
 Joe Frampton*
 B. A. Hamilton
 Mark Hequembourg
 Chris Hutson*
 J. Ronald Jackson*
 Ronnie James
 Eugene Katterjohn
 Robin Kelly
 Tom Miller*
 Gerry Montgomery - Vice President*
 Scott Powell*
 Jennifer Preston—Henderson Affiliate
 Bonnie Schrock
 Jerry Severns - Treasurer*
 George Shaw*
 Keith Travis - Murray Affiliate
 Ken Wheeler

* Executive Committee

Investment Committee

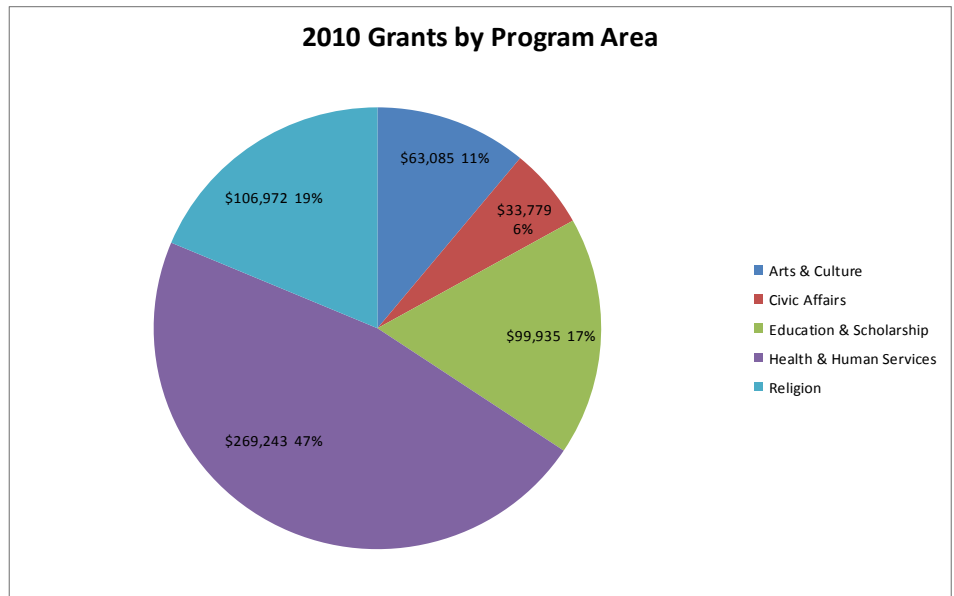
J. Ronald Jackson—Chair
 Chris Black—Board President
 George Shaw—Board Representative
 Jerry Severns—Board Representative
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 Jim Brown—UBS
 Hal Sullivan—Hilliard Lyons
 Gerald Wischer—Henderson Affiliate
 Andrew Graham—Murray Affiliate
 Lesa Barks—Paducah Bank
 Dale Hancock—US Bank
 Tony Watkins—CFWK Executive Director

Staff

Tony Watkins—Executive Director
 Sandra Harben—Director of Finance
 Shane Browning—Madisonville Director

Audit Committee

Carney Allen
 Mark Hequembourg
 Scott Powell
 Ken Wheeler



New Funds Since 2010 –2011

Arch Street Project
 Bank-on
 Downtown Turnaround Project
 Sculpture Garden
 Calloway County Community Fund
 Charles A. and Sarah C. Jones Fund
 Murray/Calloway County Endowment Fund
 David and Jennifer Taylor Endowment Fund
 Drs. Dick and Jan Weaver Community Fund
 Artisans Guild of the Lakes
 C. J. and Nancy W. Black Donor Advised Fund
 Luther F. Carson Four Rivers Center Agency Fund
 Crittenden County Excellence in Education
 Heath High School Tilford Scholarship
 Buck Lay Designated Endowment Fund
 Marcella's Kitchen
 Northwest Kentucky Fund for Education Excellence
 Oak Grove Cemetery Trust
 Wallace Park National Register District Nomination Fund
 West Kentucky Mentoring, Inc.

2010 Scholarship Recipients

Bethany Adams—Pennies for the Future
 Alex Blackwell—Pennies for the Future
 Lauren E. Beane—USEC Scholarship
 Joshua Thomas Bennett—USEC Scholarship
 Eric Butterbaugh—Pennies for the Future
 Ryan Paul Freeman—Pennies for the Future
 Katherine Michelle Halicks USEC Scholarship
 Shelby Karen Hastings—Tilford Heath Scholarship
 Melanie Ann Hobgood—Tilford Heath Scholarship
 Kelleigh Jones—Pennies for the Future
 Justin Todd Morgan—USEC Scholarship
 Jordan P. Neal—Tilford Heath Scholarship
 Whitney Redd—Pennies for the Future
 Whitney Redd—USEC Scholarship
 Mary Elizabeth Riley—USEC Scholarship
 Parker Alan Tilford—USEC Scholarship
 Howard D. Wood—Tilford Heath Scholarship

Consolidated Financial Statements December 31, 2010

Summary Statement of Financial Position

Assets	
Cash and cash equivalents	\$ 110,376
Accrued Investment Income	46,240
Investments	15,437,581
Grant receivable	10,306
Property and Equipment, net	2,389
Other receivables and other assets	<u>6,128</u>
Total Assets	\$ 15,613,020
Liabilities and Net Assets	
Accounts payable	\$ 12,193
Grants payable	103,208
Funds held as agency endowments	743,871
Funds held as trusts	773,748
Liability under split-interest agreement	<u>45,180</u>
Total Liabilities	\$ 1,678,200
Net Assets	
Unrestricted	\$ 13,859,067
Temporary Restricted	44,199
Permanently Restricted	29,722
Retained Earnings	<u>1,832</u>
Total Net Assets	\$ 13,934,820
Total Liabilities and Net Assets	\$ 15,613,020

Summary Statement of Activities

Revenue and Support	
Public Support	
Gifts, grants and donations	\$ 413,394
Revenue	
Investment Income	1,223,473
Other Income	31,801
Change in Value of Split-Interest Liability	<u>(2,059)</u>
Total Revenues and other Support	\$ 1,666,609
Expenses	
Program Services	
Grants	\$ 607,789
Projects	21,620
Management and General	<u>284,966</u>
Total Expenses	\$ 914,375
Reclassification of Net Assets	<u>(20,000)</u>
Change in Net Assets	\$ 732,234
Net Assets, beginning of year	<u>13,202,586</u>
Net Assets, end of year	\$ 13,934,820

The Community Foundation of West Kentucky is audited on an annual basis. Copies of the most recent audit and 990 are available online at www.cfwestky.org and at the office located at 333 Broadway, Suite 615, Paducah, KY 42001.

Affiliates of the Community Foundation of West Kentucky

Hopkins County Community Improvement Foundation

P. O. Box 413
1 South Main Street, Suite 201
Madisonville, KY 42431
(270) 245-2250
www.cifoundation.net
Executive Director: Shane Browning

Advisory Board: Barclay McCoy (President), Steve Cox, Will Cox, Barbie Hunt, Rev. Howard Jones, Dr. William Klompus, Dr. Dan Martin, and Shirley Thomas.

Funds: Baker Estate Fund, Bank-on Project, Downtown Turn-around Project, Health Department Fund, Healthway Walking Trail Project, Impact Fund, Re-Leaf Project, Sculpture Garden Project.

Glasgow/Barren County Community Foundation

118 East Public Square
Glasgow, KY 42141
(270) 651-3161
Executive Director: Ernie Myers

Advisory Board: Terry L. Bunnell (President), Kristen Bale, Bob Cary, Davie Greer, Earl Hammonds, Jim Lee, Darrell Pickett, Pat Vann, Jennie Wilson, and Tom Walbert.

Murray/Calloway County Community Foundation

P. O. Box 727
Murray, KY 42071
(855) 242-CFWK

Advisory Board: Harold Hurt (Chairman), Gary Brockway, Andrew Graham, David Hudspeth, Sarah Jones, Dottie Kraemer, Gregory McNutt, Keith Travis, and Richard Weaver.

Funds: Murray/Calloway County Endowment Fund, David and Jennifer Taylor Endowment Fund, Drs. Dick and Jan Weaver Community Fund, Calloway County Community Fund, and Charles A. and Sarah C. Jones Fund.

Community Foundation of Henderson

c/o Cooper Lily
P.O. Box 5
Henderson, KY 42419
(855) 242-CFWK

Advisory Board: Julie Wischer (President), Leanne Banna-Prichett, Bruce Begley, Rob Carroll, Curtis Hamilton, Steve Hargis, Cooper Lilly, Jr.; Jennifer Preston, Wes Sights, Christopher Smith, and Gerald Wischer,

Fund: Northwest Kentucky Fund for Education Excellence.

Community Foundations Offer Year-End Tax Solutions

For more information :
Call the Community Foundation of West Kentucky
(270) 442-8622
or
toll free at
(855) 242-CFWK

When a person anticipates owing a substantial sum to the Internal Revenue Service at year-end, he or she may look to their professional advisors to recommend alternative destinations for their hard-earned assets – destinations that may help further their charitable goals.

Perhaps a person sold his or her business in July, or maybe he or she simply had a high-income year. The value of their taxable assets has jumped substantially, and he or she needs a creative solution by December 31st. At this point, many professional advisors direct their clients to community foundations, which are highly knowledgeable about local charities and support the individuals' philanthropic beliefs while qualifying for higher deduction rates than private foundations.

Tax Benefits

When it comes to tax savings, community foundations hold certain advantages over private foundations because they qualify as public charities.

Cash donations: Donors to community foundations can deduct charitable gifts equal to 50 percent of their adjusted gross income (AGI), with a five-year carry forward of any excess. So if a donor has an AGI of \$100,000 and they give \$50,000 in cash to set up a fund, they may then be able to deduct the \$50,000 that year. On the other hand, if the same donor gives to a private foundation, they can only deduct up to 30 percent of the AGI, or \$30,000 on a \$50,000 contribution, and would have to carry the balance forward.

Appreciated assets donations: The same pattern follows with appreciated property, such as real estate or securities held for the long-term. So if a donor contributes appreciated property to a community foundation, the donor can receive a deduction of up to 30 percent of their AGI, with a five year carry forward. Those giving their appreciated assets to a private foundation, however, have a lower deduction limit of 20 percent.

Time Constraints

Establishing a private foundation or trust takes time – something often in short supply for donors looking at a December 31 deadline. Yet it takes less than an hour to set up a fund at a community foundation. Community foundations make it easy as possible for a donor to give. The Community Foundation of West Kentucky uses a short gifting agreement where the donor agrees to abide by the policies, names the

fund, signs the agreement and issues a check or transfers the stock. It is that simple.

Fund Options

Community foundations offer a number of funds including, but not limited to:

Donor Advised Funds: Creating a donor advised fund is one of the most popular paths for clients who want to make a donation before January 1 but haven't decided exactly which nonprofit to support. Once the fund is set up, the donor can take their time recommending and studying which charities to support. A donor can deduct the amount in the year of the gift even if it is not distributed out for months down the road.

Field of Interest Funds: These funds distribute money to charities focused on one specific area, such as cancer research, music education or other charitable endeavors. Donors can rely on the knowledge of a community foundation to direct grants to charities that are best suited to carry out the fund's goals.

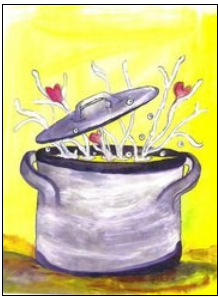
Designated Funds: Another option is a designated fund, designed to distribute funds to one specific charity over time. The designated gift is invested by the community foundation in its pooled investment portfolio and the earnings are regularly disbursed to the designated charity.

Unrestricted Funds: Do you want to give to the most pressing needs of the community? Grants from unrestricted funds are awarded through a competitive process. Gifts to these funds allow the Community Foundation to meet the changing needs of our region.

Scholarship Funds: The Community Foundation works with the donor to establish criteria for selecting scholarship recipients. A committee uses the guidelines to award competitive scholarships.

Operating Fund: A gift to the Operating Fund helps the Community Foundation of West Kentucky continue to enrich the quality of life for all citizens in the West Kentucky region by being a leader in attracting, mobilizing, and focusing philanthropy resources to meet the area's needs for generations to come.

When donors need an immediate and creative solution to their tax issues, community foundations serve as an excellent resource, not just for philanthropic purposes, but for tax reasons as well. A community foundation can make the process more time and cost effective for donors.



Congratulations to **Marcella's Kitchen** for receiving their 501(c)(3) status from the IRS. The Community Foundation of West Kentucky has served as their fiscal sponsor. Marcella's Kitchen is a community kitchen that feeds the hungry of Marshall County, KY. For more information, contact Grace Forte at (270) 205-0223.

IRA Charitable Rollover Expires 12/31/2011

The IRA Charitable Rollover that was extended as part of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (P.L. 111-312) expires 12/31/2011. The IRA Rollover was first enacted in 2006 as part of The Pension Protection Act.

The law allows an individual, 70 1/2 or older, to make a charitable distribution up to \$100,000 from an Individual Retirement Account (IRA) or Roth IRA directly to a qualified charitable organization without recognizing the distribution as taxable income.

A donor will not receive a charitable deduction as a result of the gift. Instead, donors benefit by excluding the transfer from their gross income.

An IRA Charitable Rollover may be donated to most types of funds at the Community Foundation of West Kentucky. The contribution may be used to start a new endowment or to donate to an existing fund.

These funds include designated, scholarship and field of interest funds. Rollovers may not be given to a donor advised fund or used to start a charitable gift annuity, charitable lead trust or charitable remainder trust.

The charity that receives a charitable rollover donation may not provide goods or services in exchange for the distribution. If the organization does, the contribution from the IRA will not receive tax free treatment.

In order for an individual to make a qualified charitable distribution, the individual must instruct their IRA trustee to transfer funds directly to the eligible charitable organization.

We welcome the opportunity to help donors meet their charitable objectives. As always, we encourage everyone to discuss their individual tax situation with their financial or tax advisor.

What tax situations might make the IRA Charitable Rollover attractive to me?

- If you use a standard deduction rather than itemize
- If you do not need all of the minimum distribution you are required to take from your IRA
- If you are already planning on leaving money from your IRA when you pass
- If you are unable to deduct all of the charitable contributions you wish to make due to deduction limitations

Community Foundation of Henderson Joins Community Foundation of West Kentucky as Affiliate

The Community Foundation of Henderson has been established as an affiliate of the Community Foundation of West Kentucky. Their four areas of interest are described as: educating our community, caring for our community, inspiring our community and improving our community. Their goal is to encourage overall philanthropy and create opportunities to improve the quality of life for the present and future generations in Henderson and the surrounding county. This new foundation will strive to build endowment funds that will address community needs.

The Community Foundation of West Kentucky will provide assistance as the new foundation grows and will partner in projects when appropriate. One member of the Community Foundation of Henderson will

officially sit on the board of the Community Foundation of West Kentucky.

The Community Foundation of Henderson evolved from the Leadership Class of the Henderson Chamber of Commerce and has many of those class members joining other community leaders as the founding board of the foundation. The Community Foundation of Henderson mailing address is P.O. Box 5, c/o Cooper Lily, Henderson, KY 42419.

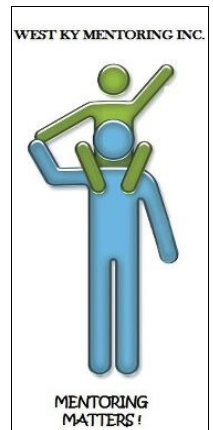
The other affiliates of the Community Foundation of West Kentucky include the Community Improvement Foundation of Hopkins County, the Glasgow/Barren County Community Foundation and the Murray/Calloway County Community Foundation.



Welcome to our newest fiscal sponsorship!

West KY Mentoring, Inc. is a one-to-one mentoring service that provides caring adult role models to children ages 5–18. Suzy Crook has been appointed to serve as the acting executive director, in a volunteer capacity. There are currently 100 youth in Murray/Calloway County waiting to be matched.

Mentoring really does matter. Having a mentor can change a life forever. West KY Mentoring is dedicated to changing lives one at a time not for just a season but for a lifetime. For more information contact, Suzy Crook at (270) 761-5744 or P.O. Box 1182, Murray, KY 42071.





**COMMUNITY
FOUNDATION**
OF WEST KENTUCKY

333 Broadway, Suite 615
P. O. Box 7901
Paducah, KY 42002

Phone: (270) 442-8622
Toll Free: (855) 242-CFWK
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E-mail: info@cfwestky.org

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*The Board of Directors and staff of the
Community Foundation of West Kentucky wish everyone true
happiness this holiday season!*

We look forward to serving you in 2012!