



What is a Community Foundation?

The Foundation for Appalachian Kentucky is a 501(c)(3) non-profit, community based corporation created by and for the people of Southeastern Kentucky. We are here to help our citizens make a positive impact on the region through community building and philanthropy. **The main purpose of a community foundation is to serve the needs and philanthropic aims of people in the community - our donors -who wish to better their community, now and in the future by contributing to a permanent endowment for charitable purposes.**

Community Foundations can accept gifts of various sizes and types from individuals, corporations, government agencies, and other foundations. Nearly every type of gift- including real estate, closely held stock or artwork- can be given. **An endowment acts like a permanent savings account for the community from which a preset percentage of the interest earned can be granted out to the community each year. Since only a percentage is spent, the fund and the amount granted out to the community will continue to grow each year.**

Community Foundations manage several types of endowed funds to help donors give back to their communities and make a lasting impact on their hometown or a cherished activity. Gifts are always donor driven and donors can be as general or as specific as they choose to be in determining which charities benefit from their fund. Some examples include:

- Named Funds- for the purpose of make grants based on changing community needs and priorities; can focus on a specific designation or field of interest.
- Donor Advised Funds- involve the donor in selection of fund recipients
- Agency Endowment Funds- used to serve and support the overall mission of a specific organization.
- Community Fund- advised by a Board of Advisors used for the purpose of continued grantmaking within a specific geographic community
- Affiliate Community Foundation- A family of funds advised by a local Board of Advisors within the defined area of service.

Community Foundations may also accept non-endowed funds to pass-through short terms gifts used for a specific purposes or seedling funds that can be used to be principal until it reaches endowment level. **Fundamentally, a community foundation represents a trust in the community and a commitment to its future.**