

**65.1575 Charitable community foundations -- Relationship with local governments.**

- (1) As used in this section:
  - (a) "Foundation" means a charitable community foundation established to accept gifts, bequests, devises, or other transfers for the purpose of meeting charitable objectives for the citizens of the community;
  - (b) "Local government" means every city, regardless of classification, every county, and every charter county and urban-county government;
  - (c) "Component fund" means an individual fund treated as part of a foundation and that meets the requirements established under regulations promulgated implementing 26 U.S.C. sec. 170 as amended from time to time; and
  - (d) "Nonprofit organization" means an organization incorporated under KRS Chapter 273 and exempt under Section 501(c)(3) of the Internal Revenue Code.
- (2)
  - (a) A local government may donate to a foundation the proceeds from the sale of any utility or facility or any grant, bequest, or devise received by it.
  - (b) A local government may contribute to a nonprofit organization exempt under Section 501(c)(3) of the Internal Revenue Code for the development and operation of a community center or recreational facilities.
- (3) If the foundation receives a gift from a local government that is subject to conditions, limitations, or requirements by the donor, the gift shall be segregated in a component fund within the foundation, which shall be subject to conditions, limitations, or requirements that are substantially identical to those established by the donor.
- (4) If the foundation receives a gift from a local government that is not subject to any specified conditions, limitations, or requirements by the donor, the gift amount shall be maintained in a component fund. The income from the fund shall be distributed to the local government for charitable purposes as directed by an ordinance of the governing body of the local government.
- (5) If a nonprofit organization receives a gift from a local government, it shall maintain the financial records so as to be able to ascertain the use of the donated funds.
- (6) The foundation or nonprofit organization exempt under Section 501(c)(3) of the Internal Revenue Code shall return any donations to the general fund of a local government if:
  - (a) The foundation or nonprofit organization exempt under Section 501(c)(3) of the Internal Revenue Code loses its status as a public charitable organization;
  - (b) The foundation or nonprofit organization exempt under Section 501(c)(3) of the Internal Revenue Code is liquidated; or
  - (c) The foundation or nonprofit organization exempt under Section 501(c)(3) of the Internal Revenue Code violates any condition, limitation, or requirement as established by the local government governing body.

**Effective:** July 15, 2002

**History:** Amended 2002 Ky. Acts ch. 290, sec. 1, effective July 15, 2002. -- Created

1998 Ky. Acts ch. 332, sec. 1, effective July 15, 1998.