

# Ohio District Kiwanis Foundation

## KIWANIS CLUB ADVISED FUND AGREEMENT

**THIS OHIO KIWANIS CLUB ADVISED FUND AGREEMENT** (the "Agreement") is made as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_, between **the \_\_\_\_\_ Kiwanis Club (the "Club")** established under the corporation law of the State of Ohio, with its principal office located at \_\_\_\_\_ and the **OHIO DISTRICT KIWANIS FOUNDATION** ("Foundation"), a corporation organized under the nonprofit corporation law of the State of Ohio, with its principal office located at P.O. Box 668, Circleville, Ohio 43113.

WHEREAS, the Club is recognized as a community service organization within the Ohio District of Kiwanis International; and

WHEREAS, the Club desires to create a Club Advised Fund into which persons or corporations may make contributions from time to time for the support of projects of the Club, the Ohio District of Kiwanis, and Kiwanis International; and \_.

WHEREAS, the Foundation is willing to accept such contributions and to hold and administer the Club Advised Fund in accordance with the terms of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties agree as follows:

1. Establishment of Fund. A fund shall be established on the books of the Foundation which shall be known as **the \_\_\_\_\_ Kiwanis Club Advised Fund** (the "Fund"). The Foundation acknowledges receipt of \$\_\_\_\_\_ in assets made a part hereof as the initial principal investment for the Fund. This principal amount shall remain within the Foundation and become part of the Foundation's investment portfolio.
2. Contributions to the Fund. The Fund shall receive and accept contributions from the Club, or individual donations made for the benefit of the Fund, for inclusion in the Fund. Donations in any amount will be accepted, however, the preferred amount for each Club deposit is a minimum of \$1000. The Fund shall be a component fund of the Foundation held by it in its corporate capacity and shall not be deemed a trust fund held by it in a trustee capacity. The Foundation shall have the ultimate authority and control over all moneys in the Fund, and the income derived therefrom, in accordance with the terms of this Agreement and the Articles of Incorporation, Bylaws, and Policies of the Foundation as they may be amended from time to time.
3. Use of the Fund. All income and principal of the Fund shall be used to support the mission and purpose of Club, the Ohio District of Kiwanis, and Kiwanis International.
4. Fund Advisors. The advisors of the Fund shall be the Club's Directors. Annually, the Club's Directors shall designate two persons as signatories who shall be authorized to make disbursement requests and to contact the Foundation for other purposes. The Club may request distributions from its Fund which requests shall be subject to Foundation's approval.

5. Distributions Distributions of principal and/or income shall be made only to qualified charitable tax exempt organizations. Requests for distribution shall be made in writing or can be sent via email to the ODKF Treasurer in accordance with Foundation's procedures. Funds shall be distributed as soon as reasonably possible. There is a minimum of \$250 required for distribution.
6. Replenishment of Fund. In the event the principal balance of the Fund falls below \$5000, the Club shall, within a designated and mutually agreed upon timeframe, cause additional deposits to be made into the Fund to restore the Fund balance to \$5000. If market conditions reduce the principal balance below the minimum account value of \$5,000, the club will not be required to maintain the required \$5,000 minimum balance.
7. Return on Assets. The Foundation shall invest the assets of the Fund in a manner consistent with sound and prudent investment practices, and in such a way as to produce a reasonable total annual return. The Fund will become a part of the Foundation's investment portfolio and may be commingled with other Foundation funds for investment purposes; provided, however, that the Foundation shall maintain on its books a separate account showing the Fund's proportionate share of any gains, losses, income and expenses of any such common investment fund of the Foundation. Club acknowledges that the Foundation's investment policies involve risk of loss to the Fund.
8. Statements. The Foundation shall provide statements to the Fund of the income, expenditures, fees, undistributed income, and principal of the Fund on a quarterly basis.
9. Fees. The Foundation shall charge the Fund an annual management and administration fee of 1% of the Fund portfolio if assets are below \$100,000 or .75% of the Fund portfolio if assets are \$100,000 or above. This fee will be subtracted from the assets of the Fund on a quarterly basis. This fee may be adjusted by the Foundation on the anniversary of the Fund establishment with a 30 day notification to the Club. Investment fees will be charged to the Fund on a quarterly basis by the Investment Management Adviser.
10. Termination. This agreement may be terminated by either party upon 30 days written notice. Upon termination, all assets of the Fund will be distributed to a qualified charitable tax exempt organization approved by the Foundation.
11. Club Dissolution. In the event that Club is no longer chartered in the Ohio District of Kiwanis International, all assets of the Fund will become property of the Foundation.
12. Definitions.

(a) As used in this Agreement:

- (1) "Qualified charitable tax exempt organization" means an organization described in S 501(c)(3) and which is other than a private foundation under S 509(a) of the Internal Revenue Code.
- (2) References to any provision of the "Internal Revenue Code" shall be deemed references to the U.S. Internal Revenue Code of 1986 as the same may be amended from time to time and the corresponding provision of any future U.S. Internal Revenue Code.

13. Foundation Status. It is intended that nothing in this Agreement shall affect the status of the Foundation as an entity which is a qualified tax exempt charitable organization. This Agreement shall be interpreted in a manner consistent with the foregoing intention and so as to conform to the requirements of the Internal Revenue Code and any regulations issued pursuant thereto applicable to the intended status of the Foundation.
14. Fiscal Year. For the purposes of this agreement, the fiscal year for the Foundation and the Fund shall be from October 1 to September 30.

IN WITNESS WHEREOF, each party hereto has executed this Agreement by its duly authorized officers effective as of the day and year first above written.

**The \_\_\_\_\_ Kiwanis Club**

By: \_\_\_\_\_  
President

By: \_\_\_\_\_  
Secretary

**Ohio District Kiwanis Foundation**

By: \_\_\_\_\_  
President

By: \_\_\_\_\_  
Treasurer

**Authorized Individuals to deposit or withdraw funds:**

Name \_\_\_\_\_ Title \_\_\_\_\_

Name \_\_\_\_\_ Title \_\_\_\_\_

**Attach a list of your Club Directors who will oversee and advise the Fund.**

## **How to Establish a Kiwanis Club Advised Fund in the Ohio District Kiwanis Foundation**

If your club would like to establish a Foundation but does not have the resources to fully invest and manage your funds, the Ohio District Kiwanis Foundation has an option for you to consider. There are many advantages to having your own Foundation-based Club Advised Fund.

Kiwanis Clubs can establish a 501(c)(3) Club Advised Fund in which they can place monies. Funds are invested as a part of the Foundation portfolio so that your fund may yield a greater return on investment. The assets of your Fund are available to your Club for distribution to qualified tax exempt charitable organizations upon your Club's request and the approval of the Kiwanis Foundation Board.

### **The steps to establish a Kiwanis Club Advised Fund are:**

1. Request a meeting with the Foundation Executive Director to review the agreement form of the Ohio District Kiwanis Foundation.
2. Complete the agreement form, naming your Fund, and verify a vote by your Board of Directors approving the formation of the Club Advised Fund for your club.
3. Select two individuals who will be responsible for depositing and withdrawing monies from your Fund.
4. You will be notified of your approval by the Ohio District Foundation Board of Directors.
5. Once approved you will be asked to deposit an initial investment of \$5000 into your Fund.
6. You may then begin to collect funds and make deposits in the Foundation treasury for your Fund.

**Ohio District Kiwanis Foundation  
Kiwanis Club Advised Fund  
Management Guidelines**

Once your Kiwanis Club has established a Club Advised Fund within the Ohio District Kiwanis Foundation your Kiwanis Club will need to comply with the following Fund management guidelines.

- A. Allow the Foundation to invest your Fund monies with other Foundation Funds
- B. Distributions from your Fund must be made to qualified charitable tax exempt organizations such as 501(c)(3) organizations, churches, schools, universities and government entities or to your club's local CAF account
- C. Withdraw monies from your Fund only on a quarterly basis unless other terms for withdrawal of funds are made
- D. Maintain a minimum balance of \$5000 in your Fund
- E. Select two members who will be designated to deposit and withdraw funds
- F. Complete all request and report forms as required
- G. Allow the Foundation to use your Fund projects in promotional materials
- H. Allow your Fund to be included in the Foundation Annual Report
- I. Meet periodically with the Foundation to review your Fund status

## **Kiwanis Club Advised Fund Deposit and Withdrawal Procedure**

### **Deposits**

Deposits may be made by mailing checks to the Treasurer at Ohio District Kiwanis Foundation, P.O. Box 668, Circleville, OH 43113. Gifts of securities or other investments may be made by electronic transfer through arrangements with the Foundation's custodian.

When a deposit is made, the money will be deposited in the Foundation's checking account and then forwarded to the investment account for your Club Advised Fund.

Checks from donors who wish to claim a tax deduction should make their checks out to the Ohio District Kiwanis Foundation with your Club Advised Fund name in the memo section. We suggest that you tell all donors that they should check with their accountant or tax advisor to determine if their contribution is tax deductible.

### **Withdrawals**

Funds will be distributed to qualified tax exempt charitable organizations or the local club's CAF account. The Club will complete and submit the Fund Disbursement Request Form with the proper authorization signatures and designation of appropriate recipients. Distributions are subject to the approval of the Foundation's Board. If the organization is a non-profit organization, the Club should attach a copy of the recipient's IRS tax exemption letter to the Fund Disbursement Request Form to verify for the Foundation that the recipient is a 501(c)(3) charitable organization. Distributions may be made to other qualified charitable tax exempt organizations such as churches, schools, colleges and government entities.

There is a minimum of \$250 required for distribution.

If funds withdrawn on the account cause the balance to fall below \$5,000, arrangements shall be made with the Foundation to replenish the account to the minimum of \$5,000.

## ***Frequently Asked Questions about our Club Advised Fund Program***

### **What are the steps to start a Club Advised Fund?**

Complete the agreement form, vote by your Kiwanis Club Board to approve the agreement, send in the agreement and a \$5000 initial deposit to the Ohio District Foundation. The Foundation board will vote to approve your agreement at its next meeting.

### **What can we call our Fund?**

Your Board can vote to name the fund most any name. However, we recommend that you include your club name. Example: Anytown Kiwanis Club Advised Fund

### **Do we have to list that we are a part of the Ohio Kiwanis Foundation?**

To be a Club Advised Fund you must list that you are a sub fund of the Ohio District Kiwanis Foundation. This assists you in meeting the IRS requirements to be a 501(c)(3) fund.

### **How is our money invested?**

Your deposits in the Ohio District Kiwanis Foundation are invested with all other funds of the Foundation. Our finance committee oversees the investment of all funds, based upon an investment policy that is available for your review.

### **What happens to the money earned by our investment?**

The Foundation will place any money earned by your investment into your account. You will be provided with a monthly report updating you on your account.

### **Do we have a say in how our money is invested?**

Your elected Ohio Kiwanis Foundation Directors determine how your funds are invested. You elect new Directors for three year terms. Any Kiwanis member can serve as a Director.

### **How often can we make deposits into our account?**

You can deposit money into your fund at any time.

### **Are all funds we collect tax deductible?**

Checks for deposit in your Club Advised Fund should be made out to the Ohio District Kiwanis Foundation with your Club Advised Fund name in the memo section. These checks are then sent to the Foundation for deposit in your fund account.

We suggest that you tell all donors that they should check with their accountant or tax advisor to determine if their contribution is tax deductible. All literature or materials you hand out to promote any fund raisers you conduct should list that "our Foundation or Fund is a sub fund of the Ohio District Kiwanis Foundation and donations are tax exempt under our agreement with the Ohio District Kiwanis Foundation and the provisions of section 501(c)(3) of the IRS code". You should also state, "a portion of this donation will be used for

administrative purposes" and spell out what amount or percentage of the donation or sold item is donated versus administrative cost.

The Foundation will provide a letter of acknowledgement and receipt to each donor.

### How often can we withdraw funds from our account?

We ask for a reasonable notice be sent to the ODKF Treasurer via snail mail or email and a \$250 minimum for any withdrawal on your account.

### What forms or reports do we have to file?

As a Club Advised Fund, there is no extra IRS or state of Ohio forms to file. You will need to include your Fund activity kept in a local account as a part of your 990 form. If you establish a local bank account for activities raising funds for your Fund, you will be asked to provide an annual summary of income and expenses. This will assist in meeting IRS tax deductibility and accounting requirements.

Funds deposited with the Foundation are reported to the IRS on Form 990 by the Foundation. You will not have to report those funds.

### What is the cost for setting up a Club Advised Fund?

There is no cost to establish your account within the Ohio District Kiwanis Foundation. Once you have completed the agreement form and deposited \$5000 into your account, you are a Club Advised Fund.

### What is the cost to manage our funds?

Your Foundation has established a fee of 1% of your portfolio balance as the annual fee for managing your fund if your fund is less than \$100,000. If your fund is \$100,000 or more, the annual fee will be .75% of your portfolio balance. Your club will also pay fees charged by the Investment Advisor.

### If we have further questions, whom do we contact?

If you need assistance or have further questions, you should contact Alan Penn, Executive Director of the Foundation at 330-421-3283 or [director@odkf.org](mailto:director@odkf.org) or Travis Humphrey, Treasurer of the Foundation at [treasurer@odkf.org](mailto:treasurer@odkf.org).