

AFFILIATE FUND AGREEMENT
between the
WICHITA COUNTY COMMUNITY FOUNDATION, INC.
and the

to establish the

FOUNDATION FUND

THIS AGREEMENT is hereby made between the Wichita County Community Foundation, Inc. ("Foundation"), which qualifies under the Internal Revenue Code as a public, non-profit, 501(c)3 organization, and the _____ ("Organization"), for the purpose of establishing a permanent endowment fund and/or non-permanent project funds ("Fund") to be managed by the Foundation. The Fund is established to receive grants and/or tax-deductible contributions of cash, appreciated securities or property, bequests, and other gifts in support of the current and long-term support of the Organization and related purposes.

1. Purpose

This Fund is established to acquire gifts for the endowment fund principal and/or support for non-permanent project/program funds, to assure prudent investment and management of gifted assets, and to establish a procedure for disbursement of endowment income and other gifted assets in accordance with Organization objectives for the Fund and IRS regulations.

2. Fund Advisory Committee

Recommendations regarding uses of this Fund will be made by the _____ Foundation Fund Advisory Committee ("Committee") (see Attachment B) to the Foundation. The Committee agrees to provide full disclosure to any contributors to the Fund regarding the role and constitution of said Committee.

The duties of the Fund Advisory Committee will be to:

- a. Establish the policies and procedures to guide the Committee, such policies and procedures to be approved by the Board of Directors of the Foundation.
- b. Carry out the work of the Organization as developed by its Governing Board under its established policies and procedures.
- c. Evaluate proposals for subgrants and grants from the eligible funds of the Organization, and recommend to the Board of Directors of the Foundation, those grants to be funded. Final approval for grant decisions will rest solely with the Foundation Board of Directors. It is the policy of the Foundation Board to approve the recommendations so long as they fall within the charitable purposes of the Organization and the legal requirements governing community foundations.
- d. Educate the community as to the benefits of the Organization's Affiliation.

- e. Encourage the establishment of permanent funds within the Foundation or contributions to the Organization's non-permanent fund for general grantmaking purposes.

3. Recipient of Tax-Deductible Contributions

The Foundation will serve as the recipient of donations for the Fund and will ensure appropriate receipting to donors and use of and documentation for expenditures from this Fund.

4. Assets

The Fund can include both permanent (endowment) assets and non-permanent assets to be included under this Agreement. In the case of the permanent fund, all gifts would be added to the principal of the Fund, to be invested, with only investment earnings to be available for disbursement in support of allowable activities associated with Community projects or programs, as requested by the Committee. In the case of nonpermanent funds, both gifts and investment earnings could be expended in entirety.

The Organization, upon signing of this Agreement, will establish a permanent endowment fund for the Organization with the Foundation in an amount not less than \$2,500.00.

5. Permanent Fund Growth Incentive

Should the Organization's permanent endowment fund reach \$10,000.00 within the first five years following the signing of the Agreement as a result of the organization's own fundraising efforts, the Foundation shall award the Organization a grant of \$2,500.00 to be deposited in the Organization's permanent endowment funds following the end of the fifth year from the date of signing of the Agreement.

6. Investment and Withdrawals

Full authority for the investment and management of the Fund will rest with the Foundation. However, the Foundation will consult with the Committee to ensure that the Fund is prudently invested in accordance with the general goals of the Committee (see Attachment D).

7. Distributions

The Fund is established to assist with providing ongoing reliable support for the Organization's activities which qualify for support through use of tax-deductible gifts. If appropriate at some time in the future, additional accounts can be added to the Fund for use in supporting other projects, facilities, or activities of the Organization considered charitable, educational, or scientific that would benefit the community consistent with sections 170 and 501(c)3 of the Internal Revenue Code. The Committee shall select appropriate projects to receive support from the Fund and will submit in writing all requests for withdrawals from the Fund (see Attachment E).

8. Administrative Costs

The Foundation will provide full management services for the Fund. Administrative fees will be determined based on the structure of the investments of the Fund and any additional service requirements associated with contributions or grants to the Fund (see Attachment C for current fee schedule).

9. Reports

On behalf of the Organization and its Fund, the Committee agrees to provide to the Foundation, upon request, a copy of its annual financial report or appropriate related materials documenting the actual use of disbursements from this Fund.

The Foundation agrees to provide to the Committee, upon request, an annual financial report and/or other information which could include the following periodic reports: (1) contributions received for the Fund, (2) income received and/or capital gains/losses realized by the Fund's investment, (3) investment and administrative fees charged to the Fund, (4) disbursements made from the Fund, and (5) net assets remaining in the Fund. The Foundation will also provide to the Committee an Annual Report on the Foundation's general operations.

10. Donor Recognition

On behalf of the Organization, the Committee agrees to provide methods to recognize donors to the Fund, as it deems appropriate (i.e., thank-you letters, published donor lists, plaques, book or list of individuals memorialized or honored through gifts, legacy group of those who have made deferred-giving commitments, and/or news releases).

In the case of any news articles or releases that might be generated by the Foundation related to this Fund, the Foundation will, to the extent possible, receive approval from the Committee and/or specific donors to the Fund in advance of providing information to the media.

11. Termination

Notwithstanding any of the provisions contained herein, this Agreement may be terminated by either party, such termination to be effective six (6) months after written notice stating this intent has been served by either party hereto upon the other. In the case of the permanent fund (endowment), the total of gifts received by the Foundation designated for such endowment fund to benefit the Organization (whereby the principal must be held intact), may only be transferred to a 501(c)(3) organization that would comply with the intentions of the donor(s) to maintain the principal in total, using only investment income for future projects.

In the event of such termination, and upon request, the Foundation shall distribute all assets and income remaining in non-permanent funds in payment for purposes designated by the Committee. Any remaining assets in the Fund may only be transferred to a 501(c)(3) organization. The Foundation will provide an accounting of Fund use and fees up to and including the date of termination.

12. Independent Foundation Formation

The Affiliate may withdraw from the Foundation and become an independent foundation upon written request from its Governing Board contingent upon written proof that the Affiliate has incorporated under the laws of the State of Kansas, has received recognition from the Internal Revenue Service as a 501(c)(3) tax exempt public charity and has written into its articles of incorporation a dissolution clause that names the Foundation as the recipient of its assets in the event it loses its recognition as a foundation or ceases to function. Upon providing such proof, a mutually agreed upon time frame and procedure for transfer of assets and records will be developed to insure an orderly transition, but in no case shall it take longer than six (6) months. In the event the Governing Board of the Affiliate requests and receives withdrawal from the Foundation through termination of this agreement, any funds established with the Affiliate will become component funds of the Affiliate, providing the governing document clearly states that the charitable gift establishing the fund was given to the “_____, an affiliate of the Wichita County Community Foundation, Inc.”, or its successor. Existing permanent or

nonpermanent funds of the Foundation that are directed to the benefit of the charitable purposes of the Affiliate will remain with the Foundation.

12. Dissolution and Amendment

In the event of termination, liquidation, or dissolution of the Organization or Committee, the then principal balance and income in the Fund or any other tangible assets shall be retained by the Foundation and will be accumulated for a period of not less than five years in contemplation of re-establishment of the Organization or Committee. If not reestablished during that period of time, the Foundation may continue the Fund in support of the same beneficiaries and distribute the income, at its discretion, to tax-exempt purposes similar to the activities for which the Fund was established and in accordance with any direction and restriction imposed by contributors.

THIS AGREEMENT may be amended at any time by mutual consent of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, including both its specific and general conditions, on the day and year noted below.

FOUNDATION	DATE
FUND ADVISORY COMMITTEE	
<u>Chairperson</u>	_____
_____	_____
_____	_____
_____	_____
_____	_____

WICHITA COUNTY COMMUNITY FOUNDATION, INC.

Todd Heitschmidt, President Date _____

Sharla Krenzel, Vice President Date _____

Included as part of this Agreement are the following:
Attachment A: Statement of Fund Purposes
Attachment B: Fund Advisory Committee
Attachment C: Administrative Fee Schedules

ATTACHMENT A
Statement of Fund Purposes

For example:

The purpose of this Fund is to encourage, solicit, receive, and use charitable contributions and the income derived from the investment of gifts made in support of current and emerging needs of the _____ and related purposes.

Factors leading to the promotion and development of the Fund include the benefits that can be derived from having a full range of both gift arrangement possibilities and investment options. Donations, bequests, and memorial gifts will be used in total or added to the endowment fund principal. Gifts and investment earnings will provide a reliable and ongoing source of private financial support to benefit the Fund.

ATTACHMENT C
Administrative Fee Schedule
(Adopted July 1, 2002 – Effective July 1, 2002)

Fund Costs: Administrative fees are intended to recoup the costs of serving affiliated funds. These costs include bank transactions and fees, postage, gift receipting, disbursements, annual audit, financial reporting, IRS reports/returns and general overhead costs.

Disbursement Fee Schedule for Short-Term Fund Investments:

<u>Fund Balance (Quarterly Average)</u>	<u>Disbursement Fee</u>	<u>Earning Interest*</u>
under \$5,000	3.0% of disbursements	No
\$5,001 to \$100,000	3.0% of disbursements	Yes
\$100,001 to \$500,000	2.5% of disbursements	Yes
\$500,001 or more	negotiable	negotiable

Fee Schedule for Long-Term Permanently Endowed Investments: The Foundation charges an annual administrative fee of 1% of the fund balance on all monies invested in long-term investment instruments, including stocks, bonds, certificates of deposit or cash. In addition, the affiliated fund is responsible to pay any additional investment fees charged by the investment manager. Administrative fees are assessed against the fund on a quarterly basis.

Donor Investment Alternatives. Although the Foundation prefers to manage long-term investments in one of the Foundation asset allocation models, the Foundation does allow donors to recommend alternative investment managers for gifts of \$100,000 or greater, assuming the absence of material restriction.* All such recommendations are subject to approval by the Foundation Board of Directors.

* A material restriction is a restriction or condition that prevents a community foundation from “freely and effectively employing the transferred assets, or the income derived therefrom, in the furtherance of its exempt purposes.”

Value-Added Services: The Foundation may assess additional fees or charges to an affiliated fund if value-added services are provided. Examples of value-added services may include providing employment or contracting services, extraordinary financial and/or government reporting, customized receipting, or other services the affiliated fund may desire.

Life-Income Gift Arrangements: With a minimum \$10,000 gift annuity, the fee shall not exceed \$250. This fee shall be paid by the recipient organization, not the donor. This fee underwrites a portion of costs associated with setting up the gift arrangement. If the life-income arrangement is a charitable remainder trust, the donor is responsible for costs associated with establishment and maintenance of this separate legal entity. The annual management fee after the life-income gift is established is 1% of the invested gift value plus the cost of the investment vehicle.

(No Attachment D)

ATTACHMENT E
Fund Disbursement Authorization Form

The _____ Fund Advisory Committee authorizes the following individual(s) to request disbursements from this Fund:

Name(s) of person(s) authorized

Signature(s) of person(s) authorized

Payments from the above-referenced fund account can be made up to a maximum of \$ _____ per request.

Fund Advisory Committee
President or Chair

Fund Advisory Committee
Secretary/Treasurer/or authorized member

Date _____