

COLUMBUS KIWANIS FOUNDATION

EXPENDITURE AND GIVING RESTRICTIONS AND POLICIES

Adopted by the Foundation Board of Trustees on September 12, 2016

LEGAL RESTRICTIONS ON FOUNDATION EXPENDITURES

1. The expenditure of Columbus Kiwanis Foundation ("Foundation") funds is made based upon a service budget approved annually by the trustees of the Foundation. The authority to make specific expenditures within the scope of this approved budget is delegated by the Foundation to the committees, officers and trustees of the Kiwanis Club of Columbus ("Club").
2. Expenditures not included in the budget can only be made upon a vote of the Foundation trustees, or by other action approved by the Foundation trustees. A vote of the Foundation trustees is also required in order for the Foundation to accept any property other than cash as a gift to the Foundation. As an exception to this policy, the Foundation may accept gifts of auction items for fundraising events produced by the Club, subject to such criteria as may be adopted by the Club's Board of Trustees and provided that the gift does not include any fee simple ownership interest in real estate.
3. The Foundation is organized and approved as a non-profit corporation exempt from federal taxes under Section 501(c)(3) of the Internal Revenue Code. Contributions to the Foundation are tax-deductible.
4. In order to maintain this tax exempt status, the Foundation must expend its funds only:
 - a. in the form of payments to other 501(c)(3) organizations or to governmental entities, or
 - b. in the form of payments that can be verified to be in furtherance of the exempt purposes for which the Foundation was established. (Verification needs to be in the form of written evidence that could be provided to the IRS if requested.)
5. Federal tax law exempts "foundations . . . organized and operated exclusively for religious, charitable, scientific . . . literary, or educational purposes . . ." provided that "no part of the earnings . . . inures to the benefit of any private shareholder or individual. . . ."
6. In order to maintain its tax-exempt status, an organization must be both organized and operated exclusively for an exempt purpose. The key questions that must be answered affirmatively are:
 - a. Does the organization have an exempt purpose?
 - b. Does it expend its funds exclusively in furtherance of that exempt purpose?
7. The Foundation's funding of the Club's service projects typically satisfies the exempt purpose criterion because those service projects have either a religious, educational or charitable purpose. "Charitable" purposes include:

- a. Providing a public benefit or accomplishing a social interest;
 - b. Providing assistance to the poor or to others in distressed circumstances;
 - c. Providing for the physical, mental or moral betterment of other members of society;
 - d. Disseminating information for the public good;
 - e. Lessening the burdens of government by assisting in public works.
8. Activities that will endanger tax-exempt status include:
- a. Attempting in any substantial degree to influence any legislation;
 - b. Supporting or opposing candidates for public office;
 - c. Engaging in activities that suggest that the Foundation has any non-exempt purpose for its existence;
 - d. Accumulating excess earnings or capital in the Foundation;
 - e. Providing refreshments, goods, services or other benefits to members of the Foundation or to members of the Club.
9. Tax-exempt organizations may, without endangering their tax-exempt status include:
- a. Pay reasonable salaries to staff members and other necessary operating expenses;
 - b. Pay reasonable fundraising expenses;
 - c. Engage in profit-making or commercial activities to the extent required to achieve their exempt purpose;
 - d. Accumulate reasonable funds to be ultimately used for their exempt purpose.
10. Foundation funds may not be used to fund any internal Club activities (other than the payment of a small percentage of the Club's administrative expense to reimburse the Club for supplies and administrative services provided to the Foundation).

POLICIES REGARDING GIVING

1. The Foundation will make gifts each year at the request of the Club based upon an annual Club giving budget that has been approved in advance by the Foundation.
2. The Foundation will as a general rule (except as stated below with respect to scholarships) make gifts only to charitable organizations with 501(c)(3) status. Any other proposed gift will require a vote of both the Club's Board of Trustees and the Foundation's Board of Trustees.
3. The Foundation may award scholarships annually to Columbus high school students for college and university study. The scholarships awarded in any one year:
 - a. Will not total an amount in excess of the budget for the Scholarship Committee for that year; and
 - b. May be renewable for up to three additional years to the extent adequate funds exist in those years and within the guidelines being used as of the date of the adoption of this policy statement; and
 - c. Will be paid directly to the institution at which the student has enrolled.

4. The Foundation will give a preference to gifts supporting a specific new project, or a new and distinct component of an existing project, being planned or undertaken by the grant applicant.
5. The Foundation will emphasize expenditures for projects that offer an opportunity for members of the Club to provide hands-on service as part of the project.
6. The Foundation will give a preference to gifts that include in their terms public recognition of the contribution being made by the Foundation.
7. The Foundation will not normally fund:
 - a. Gifts to be used by the applicant for general operating support;
 - b. Gifts to be used for an unspecified purpose, to fund an endowment, or where the funds will be a minimal part of the overall project for which the beneficiary seeks support;
 - c. Repeated gifts to the same organization if made under circumstances that might lead to the expectation that the organization will receive annual gifts, unless supported by a satisfactory rationale provided by the Club; and
 - d. Gifts to support projects that have already occurred.
8. Gifts in excess of \$10,000 will only be made upon the Foundation's specific prior approval of such gift.
9. The Foundation will give a preference to gifts supporting projects in the City of Columbus or Franklin County or otherwise benefiting the residents thereof. Gifts to Kiwanis Division, District and International foundations will not be made from Columbus Kiwanis Foundation funds.
10. The Foundation will not fund gifts in any year other than the fiscal year in which the gift is approved by the Club's Board of Trustees.