



Investment Strategies for the Kiwanis Club of Ames and the Ames Kiwanis Foundation

The Kiwanis Club of Ames and the Ames Kiwanis Foundation receive monies from donations and club-sponsored fundraising events to serve the children of Ames. To increase our ability to serve children we have decided to invest some of our available funds into endowments. The interest earned from these endowments will supplement our yearly donations and earnings and can be spent on worthwhile projects or reinvested. Our goals for the endowments are: 1) to facilitate their growth and 2) to delegate professional financial managers with the responsibility of investing our funds wisely.

This document describes our various sources of revenues and planned strategies for investment of these revenues. The document does not address income or expenditures related to administrative funds (e.g., funds needed for dues, insurance, and other club expenses).

A complete description of the Foundation policies is attached to this document. Information about the Community Foundation of Greater Story County (CFGSC) endowment and agency funds is attached also. This document, Foundation policies, and descriptions of the CFGSC funds are available at our club website (<http://home.mchsi.com/~ameskiwanis/home.html>).

Revenue Sources

1. *Club Fundraising Projects.* These events include Pancake Days, sweet corn sales, apple sales, gumball sales, and other special projects.
2. *Ames Kiwanis Foundation Auction.* This annual event solicits monies from club members and other members of our community in exchange for auction items.
3. *Donations.* These gifts come in the form of cash or property not related to fundraising projects or the annual auction.

Investment Sources

1. *Club Project Account.* This account is used for short-term investments of funds that will be distributed throughout the year to deserving agencies and programs. Currently, the Project Account is a savings account at the First National Bank of Ames.
2. *Money Market Accounts.* These accounts are used for intermediate investments of funds that typically will be distributed within a 12-month period.

3. *Endowment Accounts.* These accounts are used for long-term investments with the aim of using the earned interest to be reinvested or used for special projects. We will use two types of endowment accounts.
 - *Community Foundation of Greater Story County (CFGSC) Endowment Fund.* This account currently yields approximately 9% in net average return.
 1. Donors are able to take both a tax deduction (federal and state) and an additional 20% Iowa Tax Credit (with a limit of \$100,000 credit per taxpayer). Thus, the fund offers a special incentive that likely will help build our endowment account.
 2. This is a permanent endowment. The Foundation cannot remove the principle from this fund.
 - *Community Foundation of Greater Story County (CFGSC) Agency Fund.* This account currently yields approximately 9% in net average return.
 1. Donors are not eligible for the Iowa Tax Credit.
 2. The Foundation can remove the principle upon a 75% vote of its Board of Directors and letter of request to the CFGSC. The CFGSC will verify that the Foundation is legally capable of accepting these funds.

Examples

Proceeds from Club Fundraising Projects

1. All proceeds from fundraising projects will be deposited into the club Project Account.
2. The club Board of Directors can invest undesignated monies into money market accounts to be disbursed within a 12-month period.
3. The club Board of Directors can transfer undesignated monies to the Foundation.
4. The Foundation Board of Directors can invest monies transferred to the foundation into money market accounts or the CFGSC Agency Fund.

Donations to the Foundation Auction

1. All proceeds from the auction will be designated initially to the Foundation. Monies spent on auction items are not eligible for the Iowa Tax Credit.
2. The Foundation Board of Directors can direct these monies in the following ways:
 - They can be transferred to the club Project Account.
 - They can be invested in money market accounts to be spent within a 12-month period.
 - They can be invested in the CFGSC Agency Fund.

Donations Not Related to Club Fundraising Projects or the Foundation Auction

1. Donors are eligible for state and federal tax deductions for charitable contributions.
2. Donors can:
 - a. Designate their gift to the CFGSC Endowment Fund and be eligible for the Iowa Tax Credit in addition to state and federal tax credits for charitable giving, or
 - b. Designate their gift to the CFGSC Agency Fund. They will not be eligible for the Iowa Tax Credit, but they will know that the Foundation has the flexibility to withdraw monies from the principle of this fund.
3. All donations initially will be designated to the Foundation for disbursement to the CFGSC Endowment or Agency Fund as per the donor's request.