



ADMINISTRATIVE BULLETIN ON FUND-RAISING AND FINANCE

FUND-RAISING EVENTS AND FINANCING FOR KIWANIS CLUBS

Kiwanis Club Fund-raising Events

Each year, Kiwanis clubs require millions of dollars to complete their chosen community-service projects, and there are possibly as many fund-raising methods used as there are Kiwanis clubs. This bulletin includes various fund-raisers that have been undertaken by Kiwanis clubs, together with suggested contacts and tips on where to find further information. This information is supplied as a courtesy to Kiwanis clubs; Kiwanis International neither endorses nor recommends any particular fund-raiser. Also included are guidelines to follow when using professional talent that is purchased and when utilizing professional fund-raisers.

Remember: When conducting fund-raising activities, as with all activities of the club, be ever mindful of insurance liability, avoid potential for loss, restrict Kiwanis coverage to members of the Kiwanis family, and avoid bringing outsiders under the Kiwanis liability insurance umbrella. Practice risk management at all times.

The Kiwanis Risk Management kit is made available to North American clubs each administrative year. To obtain a copy of the kit: After December, check first with your club secretary or request one from the Human Resources Department of the International Office. (See also the Kiwanis Website at: www.kiwanis.org/lit/kiinsurance.pdf for further information.)

Each time the Kiwanis club embarks upon a fund-raiser, consider the phases that members of Key Club, Circle K, Builders Club, K-Kids, Aktion Club, and Kiwanis Junior can handle effectively and invite them to participate.

Locality plays a vital role, of course, and a fund-raising activity or technique that works in one locality may not work in another.

Sale of Commercial Products

The sale of commercial products is one type of fund-raising activity utilized by many clubs whose members are enthusiastic about selling products. Some commercial products may be available through local or nearby manufacturers or agents. Many commercial products are available from manufacturers in a special organizational fund-raising plan containing complete instructions and promotional materials.

Advertisements in each issue of the *KIWANIS* magazine offer information on a variety of such fund-raising plans. The August issue of the magazine is the annual fund-raising issue. It is devoted exclusively to fund-raising ideas, and this issue generally carries a large number of fund-raiser advertisers.

Attractively packaged candies and nuts are good sales items, as is citrus fruit, especially in areas where fruit is not grown. Fruitcakes are excellent for holiday gifts, and club members may wish to purchase quantities for their own companies or organizations (some clubs develop a customer list for repeat sales). Popcorn is a product that can be sold at any time of the year or on a continuing basis.

Peanuts for *Kiwanis Peanut Day* may be obtained from local sources or purchased from national firms such as Kiwanis Peanut Day Inc., 900 Jorie Blvd., Oak Brook, IL 60523.
Telephone: 1-888-768-8386.

**KIWANIS ADMINISTRATION
ADM #6**

Web address: Kiwanispeanutday.com.

Gum and candy vending machines involve the club's negotiating for location sites and being paid an agreed-upon percentage of the receipts by the company that owns, places, and services the vending machines. (Exercise extreme care in selecting a gum machine firm. Beware of high-pressure salesmen suggesting that the club purchase a machine the club must place and service. The potential return of such an investment should be carefully checked.) More than 2,000 clubs presently are using the Fordway Plan. For details, call toll-free 800-225-5535, or see their advertisement in the *KIWANIS* magazine.

Other commercial products sold by Kiwanis clubs:

Apples	Desk pads
Bumper stickers	Flags
Candles	Flowers
Calendars	Lightbulbs
Cheese	Pickles
Christmas cards	Pizzas
Christmas trees	Pumpkins
Coloring books	Sausage
Cookies	Smoke alarms
Coupon books	Soap
Dried fruit	Trash bags

Purchase Talent

The following guidelines are provided for clubs purchasing professional talent:

- Make sure the program has not been presented recently or in nearby communities.
- Choose dates that will not conflict with holidays or other events of community importance.
- Select the best auditorium facilities or field locations available.
- Make sure the same type of program has not failed at some other time in the community.
- Make sure every part of a contract is clearly understood, and seek legal advice before signing.
- For additional revenue, incorporate solicited ads in the printed program when possible.

Circus

A circus requires careful planning, hard work, and a signed contract. Clubs should be careful if employing professional ticket-selling agencies. Their high-pressure tactics and sometimes unethical methods can create negative public relations and adverse criticism of a club or Kiwanis in general.

Various clubs have had positive experiences with Carson & Barnes Circus Inc., P.O. Box J, Hugo, OK 74743, or for the Marketing and Promotions Department, 100 Campus Center, Seaside, CA 93955.

Sponsored Performances

There are many types of programs available for a sponsored performance, including concert artists, symphony orchestras, glee clubs, plays, and outstanding public speakers. Arrangements usually are made through lecture or entertainment bureaus.

Sporting Events

Consult with local sports authorities and athletic directors to choose a sport that is popular in the community. Make sure the event's location has sufficient seating to ensure good gate receipts. Clubs in communities supporting professional sports can arrange benefit dates with the management.

Theater Parties

Arrangements can be made with the management of local movie theater or community theater groups.

Club-sponsored Activities

Before sponsoring an activity, the club should be sure it has the interest and full cooperation of its members, as well as the complete cooperation of any outside coordinating agencies. It is also necessary to have committees sufficient to handle all plans of the project. A good location must be secured, with ample space and facilities.

The following is a list of various Kiwanis club-sponsored activities:

Airline trip	Golf tourneys
Antiques sale	Home tour
Arts and crafts sale	Gourmet club
Auction (radio/TV)	Haunted house
Barbecue	Horse show
Beauty pageant	Oyster roast
Carnival	Pancake day
Chili feed	Rose sale
Clam bake	Radio days
Donut sale	Sporting events
Fashion show	Swim meet
Festival	Theater production
Flea market	Track meet
Garage sale	Walkathon

FINANCING FOR KIWANIS CLUBS

Club Activities

International Bylaws Governing Fund-raising

Article VII. DISCIPLINE OF CLUBS

Section 4. *Clubs may participate in lotteries, raffles, drawings, or other games of chance, provided that they are not in contravention of the laws, mores, customs, and traditions of the country, state, or province in which the clubs exist, and provided further that the district board of trustees or the governing authority of nondistricted clubs shall have given prior approval for the utilization of lotteries, raffles, drawings, or other games of chance to be employed in fund-raising activities. Such approval so granted does not constitute official endorsement of such activities by Kiwanis International. Nothing contained herein shall permit any club by its activities to impugn the good name of Kiwanis. Should violations occur, appropriate disciplinary action may be taken in accordance with these Bylaws.*

International Board Policy D(4)

Fund Raising

Purpose: *Monies received by Kiwanis clubs from fund-raising projects in which the public participates or from members or others for service activities sponsored by the club shall be segregated from the administrative funds of the club and shall be used only for the charitable, educational, religious, and eleemosynary activities of the club.*

Resale Merchandise

Clubs, club members, divisions, districts, federations, or foundations may purchase merchandise bearing the Kiwanis Marks which is intended for resale for profit or as a fund-raiser, only if such merchandise is acquired from the Kiwanis International Merchandise Department or a licensed distributor

Solicitation: *All solicitations for funds by a Kiwanis club shall be confined to the general area in which the club functions, except by mutual understanding and agreement of clubs in the division, district, or area of solicitation.*

Licensees of Kiwanis International are permitted to make promotional direct mailings to club and district officers. A nonlicensee commercial organization, foundation, individual, Kiwanis club, or Kiwanis club member shall not circularize for sale any product or service, solicit funds, or promote any program or project to Kiwanis clubs or members within the district without prior approval of the district board of trustees. For nondistricted areas, prior approval must be obtained from the International Board. A Kiwanis club, Kiwanis club member, or district shall not circularize for sale any product or service, solicit funds, or promote any program or project outside the district, or a nondistricted club outside its area, without the prior approval of the Board.

No club shall be required to contribute gifts or souvenirs for any specific purpose.

International Board Policy D(5)

Club or District Foundation: With the consent of the International Board, a district or club may form a foundation for charitable, educational, religious, or eleemosynary purposes. Such foundation must be incorporated.

International Board Policy B(5)

INTERNATIONAL ADMINISTRATION

Fund-Raising Activities at International

Convention: No individual, club, division, or district shall be permitted to conduct fund-raising activities at or in conjunction with the Kiwanis International Convention.

United States Revenue Act

Kiwanis clubs are not-for-profit by virtue of their affiliation with Kiwanis International. As such, US clubs have a classification of 501 (c) (4) with the Internal Revenue Service (I.R.S.). Unless a US club has established a club foundation with a 501 (c) (3) tax-exempt classification and its fund-raising solicitation is conducted by or on behalf of the foundation, the Kiwanis club must abide by the US Revenue Act regarding fund-raising solicitations.

This legislation requires that any fund-raising solicitation by or on behalf of Kiwanis clubs and Kiwanis districts must include an express statement that contributions or gifts to (insert club or district name) are not deductible as charitable contributions for federal income tax purposes. The statement must be in a conspicuous and easily recognizable format on all solicitations, whether in written or printed form, by radio, television, or by telephone.

If solicitation is by or on behalf of a Kiwanis club foundation classified as a 501 (c) (3) by the IRS, it would be prudent to also provide a written or verbal statement to this effect, wherein the foundation is named so there is no misunderstanding on the part of the public.

FINANCIAL RESPONSIBILITIES

Adoption of the Annual Budget

One of the most important elements in club operation is that of its finances. The Standard Form for Club Bylaws requires that a budget of estimated income and expenditures for the year be adopted by the club's board of directors no later than October 15 (Article XIX, Section 1). Since budgets for K-Kids, Aktion Club, Key Club, Circle K Club, and Builders Club must be approved by the board of directors of the sponsoring Kiwanis club, the financial affairs of sponsored programs are also a responsibility of the Kiwanis club.

Annual Audit

The bylaws of every club require an annual audit of club accounts (Article XIX, Section 2). The auditors are named by the board of directors. However, this may be conducted by a committee of club members. It is also recommended that the treasurer prepare an annual summary statement of income and expenditures for distribution to all club

members to keep them apprised of the financial status of the club and of how funds are being used.

Filing Tax Forms and Applying for the Employer Identification Number

This information pertains to US clubs only. Each club in the US must file IRS Form 990 or Form 990-EZ with the Internal Revenue Service by February 15 of each year, covering the financial affairs of the previous administrative year. Clubs may receive their forms directly from the IRS, or they may be obtained from their Kiwanis district office. Guidelines for filing also are available from the Kiwanis district office. (Sponsored K-Kids, Aktion Clubs, Circle K Clubs, Key Clubs, and Builders Clubs also must file IRS Form 990 annually.)

When organized, each club in the US receives Form SS-4, Application for Employer Identification Number (EIN). The Kiwanis International Group Exemption Number (GEN) 0026 is required on the application. The club will need both the GEN and its own EIN to file Form 990 with the IRS. Banks will require a club's EIN to open an account. The club should give priority to filing Form SS-4 and to notify the Kiwanis International Office of its EIN as soon as it has been assigned.

Since sales tax is regulated by states and provinces, clubs are advised to contact the proper authorities within their own jurisdiction for the most current regulations and procedures for obtaining tax-exempt status on purchases. (In some instances, a state-issued identification number will differ from the EIN issued to the club by the federal government.)

Financial Accountability

The Kiwanis International Board requires all clubs to be incorporated to transfer the liability of any potential claims from the individual members to that of the corporation. Every club has an ongoing responsibility for maintaining its incorporation on a current status. Frequency of renewal, accompanied by the designated fee, varies by state/provincial regulations.

Provision should be made for the books of accounts to be retained as permanent club records until such time as disposal may be permitted by law and authorized by the board of directors.

Permanent records should contain a copy of each year's financial statement, audit, and a copy of the IRS Form 990 where applicable. Canceled checks and invoices should be kept for a three-year period.

All checks should require a minimum of two authorized signatories. There is no requirement that a club secure bond for a secretary/treasurer. This is determined by the board of directors and generally will depend upon the amount of money involved.

Developing a realistic budget and maintaining proper records are important responsibilities of every club. Accounting systems will differ depending upon services and equipment available to the treasurer. However, simplification in maintaining financial records should be the rule. Adopting an adequate and understandable budget will prevent unwise expenditures and create a collective responsibility for club funds among the board of directors and membership in general. You can find sample budgets for club administration and club service projects in the Club Secretary's Guidebook.

Operating Funds

Funds should be separated into two basic accounts:

Administrative Account — internal club operation monies from dues and membership fees.

Service Account — funds from fund-raising activities in which the public participates or donations from members toward community-service projects.

A club is not prevented from establishing additional accounts for handling special projects, but the advisability of maintaining a simplified bookkeeping system should always be kept in mind. A club may maintain a single bank account for all funds provided that the administration and service monies are kept separate in financial records.

Administrative Account

A club's operating expenses are not borne alone by the club's board of directors. The primary source of income for the club's administrative account is derived from the annual club dues and the membership fees from new members. No

monies from fund-raising in which the public participates may be used for club administration.

It is important, therefore, for a club to realize that annual club dues must be sufficient to meet the administrative expenses of the club. To arrive at the appropriate dues structure, a club must develop a budget. The budget should be reviewed each year to note any change in the income or expenses of the club so that appropriate action may be taken to ensure adequate funding for the club's administrative account.

When unanticipated expenses are incurred during the course of the year (to fund such areas as membership growth and education, club meeting programs, or conventions), clubs often find it necessary to supplement the administrative account.

Supplemental income for administrative purposes might be secured by an assessment on the club membership, provided such assessment is adopted under the provisions of Article XVIII, Section 2, of the Kiwanis International Standard Form for Club Bylaws which states: *"Revenue from sources other than those defined in this article may be raised as determined by the board of directors and approved by a two-thirds (2/3) vote of the active, senior, and privileged members present at any regular meeting, provided written notice shall have been given the members at least two (2) weeks prior to the meeting."* This refers only to assessments and not to fund-raising activities, which need be approved by the board of directors only. Additional ideas may be found in service bulletin Administrative Bulletin #9, "Ways to Supplement the Administrative Account."

Service Account

The budget for the service account is prepared by estimating the income needed to fund the recommendations of the service committees for service project expenditures approved by the board. Clubs should seriously consider maintaining records of previous service projects and fund-raising activities, successful and unsuccessful.

Plan Service First

When planning potential community-service projects, the service committees will find great value in the records of previous projects as to

funds expended for each effort, number of service hours required, number of members involved, number of persons benefited, as well as publicity gained.

Set Fund-raising Budget Next

For the finance committee, records of past fund-raising efforts as to number of hours and percent of members involved, procedures used, and amount of monies earned would be a valuable aid to estimating more realistically the amount of money needed to support the club's proposed service program.

Though club members may make donations or the club may designate a portion of the annual club dues for community-service projects, the income for the service program of the club is basically derived from fund-raising activities in which the public participates. Article XVIII, Revenue, Section 3, of the Standard Form for Club Bylaws specifies that these funds must be segregated from the administrative funds of the club.

Funding Service Projects

A club should let the need for service determine its fund-raising efforts and not have its service program determined by funds available.

The club's committee on finance should serve as the coordinator of all fund-raising, whether or not a special committee is appointed to handle the details of a fund-raising activity.

If the elimination of a fund-raising activity is being considered, a better one should be immediately substituted. A survey of present fund-raising activities should be taken with the following in mind:

- Are more funds needed to carry out already planned service projects?
- Are all or some of the fund-raising activities still as effective as they once were?
- What additional fund-raising activities are being seriously considered or have been suggested?

Having determined the amount of money needed to fund the service program, the club needs to

decide upon the method to be used to reach its goal. The club may choose a fund-raising activity with a large scope, which will earn sufficient income to cover all service projects budgeted for an entire year, or it may elect to conduct several activities of smaller scope and allocate the proceeds from each to specific service projects. Before initiating any fund-raising activity, it would be well to review the enclosed provisions of Kiwanis Policies, Procedures, and Bylaws Governing Fund-raising.

Fund-raising requires considerable planning, commitment to details, and the involvement of every member of the club in some phase of the effort. Those members who cannot participate actively should be used in other aspects of the overall activity.

A sponsored K-Kids, Aktion Club, Key Club, Circle K, or Builders Club can provide additional volunteer resources and enthusiasm in a Kiwanis club's fund-raising events, and its members will appreciate an invitation to assist and share to some extent in the profits. They can help you, and you can help them. They will have their own fund-raising events as well, but they frequently are limited in the type of activities they can undertake. However, they should not be expected to carry the entire load. Consider the phases of the event that they can handle effectively, and invite them to participate.

Fund-raising should always have a purpose. It should never be done on a routine basis simply to obtain money for the club's service account. A club has the obligation to tell the public specifically what service project or projects will be supported by the proceeds from a given fund-raising activity. Whenever possible, the community should see photographs and publicity on the concrete results of the effort. If the club is funding a long-term or ongoing service project, the public should be informed periodically of its progress.

Whenever undertaking a fund-raising activity, the Kiwanis club and its representatives, such as sponsored programs, should give primary consideration to the Kiwanis image:

- Solicitations must be limited to the club's service area. If the service area overlaps that of other Kiwanis clubs, their approval must be secured in advance of solicitation.
- The club should approve of the solicitation

approach and the actual “scripted” presentation.

- The Kiwanis club should be identified by its proper name.
- If relevant, appropriate contracts should be signed and insurance matters addressed.
- A contact person and phone number should be provided.
- The club must be prepared to handle complaints, modify the approach, or terminate the solicitation.
- At all times, solicitors should be courteous and appreciative.

A well-conducted fund-raiser can generate excellent publicity for the club. For many community members, a fund-raising activity is the only direct contact they have with a Kiwanis club. Earning the public’s confidence will make future efforts easier.

A fund-raiser also can involve the contributors receiving an item of comparable value for their

money, such as light bulbs, fruit cakes, trash bags, and calendars. However, care must be taken so that the “Kiwanis product” does not compete with local merchants.

Team competition used as an incentive can be effective, but members should be given quotas that are realistic to achieve. Give appropriate recognition to those who did an outstanding job. This, too, can be an incentive. Remember that the actual expenses of a fund-raising activity can be deducted from the receipts.

The “Tip Sheet on Fund Raising” in the business community is an excellent reference for significant funding of large-scale and long-term projects requiring greater capital. It is available from the Service Programs Department of Kiwanis International upon request.

For basic information pertaining to “Funding Service Projects,” review the “Kiwanis Policies, Procedures, and Bylaws on Governing Fund Raising.”