

Overview

Rotary District 5495 Rotary clubs now have access to a District-wide charitable organization under Internal Revenue Code §501(c)(3). Charitable organizations are eligible to receive tax deductible contributions from U.S. taxpayers. This is in contrast to virtually all Rotary Clubs in the USA, which are tax-exempt under §501(c)(4), but not considered charitable organizations by the IRS. As such, Rotary Clubs are exempt from paying tax, but contributions received are not eligible for deduction by the donor as a charitable contribution.

The Rotary District 5495 Charitable Fund, Inc. was created for the sole purpose of providing a vehicle for Rotary clubs within District 5495 to be able to accept tax-deductible donations and hold fundraising events under the umbrella of this charitable organization and purchase technology solutions with organizations that provide discounts to 501c3, as a group exemption.

The Rotary District 5495 Charitable Fund (the Fund) will function as a donor directed charitable corporation which will receive/hold funds for any club in District 5495 that wishes to participate; and disburse those funds at the direction of the participating Rotary club. Distributions requested by clubs must qualify as types of expenditures approved by the IRS for a §501(c)(3) organizations. The Fund is not intended to and shall not fundraise or conduct charitable activities of its own.

Participating Clubs will retain control of charitable funds raised by the club and will be able to support charitable projects of its choosing without the administrative burden of maintaining a separate legal entity.

The monies in the Fund will be pooled but separately accounted for with regular reconciliation and reporting.

The Fund is governed by a board of directors of not less than three nor more than 11. The District 5495 Governor is an ex officio member of the board without a vote.

A non-profit corporation tax-exempt under IRC §501(c)(3), ID#: 83-2560165

The funds of clubs choosing to participate (Participating Clubs) shall be charged a 2% administration fee plus applicable pass-through fees as outlined in the Fiscal Sponsor Agreement, when deposited in the Fund. The administration fee may be increased or reduced in the future, depending on the operating costs incurred by the Fund, such as for accounting, banking, and regulatory filings. It is the intent and expectation that such costs shall be kept as low as possible and would be less than the costs to maintain a tax-exempt charitable organization by an individual club.

The Fund does not currently contemplate accommodating endowment funds that generally require a focus on investment earnings.

IN SUMMARY. The intent of the Fund is to allow any District 5495 Rotary club to enjoy the benefits of a §501(c)(3) organization without incurring the burden of creating and maintaining its own tax-exempt entity. Participation is solely at the option of each individual Rotary club, and each Rotary club is under no obligation to participate or continue participation in the 5495 Charitable Fund. Each Rotary club raises its own funds and determines the disposition of its funds.