Procedures to Establish Funds & Supporting Organizations

PURPOSE AND GOVERNANCE

The Wichita Foundation (WF or Foundation) administers charitable funds to support the charitable needs and opportunities of the Wichita community. All component funds established at the Foundation are subject to the Wichita Foundation Bylaws, governing fund agreements, applicable law, and the Foundation's variance power.

The Foundation's Board of Directors retains final authority and control over all funds held by the Foundation. Variance power allows the Foundation to modify restrictions or conditions on distributions if, in the sole judgment of the Board, such restrictions become unnecessary, incapable of fulfillment, impractical, or inconsistent with the charitable needs of the community.

DEFINITIONS

Endowed Fund
An endowed fund is intended to exist in perpetuity. Annual distributions are made according to the Foundation's spending policy while principal is preserved and invested for long-term growth.

Non-Endowed Fund
A non-endowed fund allows distributions from both principal and earnings and is not intended to exist permanently.

Fund for Wichita
The Foundation's unrestricted endowed community fund used to support charitable priorities identified by the Wichita Foundation Board of Directors.

Fund 316
The Foundation's unrestricted non-endowed community fund used for flexible charitable and community purposes.

Dormant Fund
A fund that has not made grant distributions for three (3) consecutive years.

Successor Advisor
An individual designated by a donor to continue advisory privileges for a donor advised fund following the donor's death or incapacity.

GENERAL FUND ADMINISTRATION STANDARDS

Unless otherwise stated in a governing agreement or policy:

- Funds may be established as either endowed or non-endowed funds.
- The minimum contribution to establish a fund is $10,000. A $10,000 balance must be maintained for the fund to be in compliance.
- Donors or organizations have two (2) years from the date of establishment to meet the minimum funding requirement.
- No grant distributions may be made until the minimum balance requirement has been met. If the fund falls below $10,000, WF staff will work with the donor to regain that fund amount. Gifts will not be granted from a fund with a balance below $10,000, unless the donor has made an arrangement with the staff in special circumstances.
- Funds failing to meet the minimum within two (2) years may be:
    - fully distributed consistent with donor intent within one (1) year, or
    - transferred to an appropriate unrestricted Foundation fund.
- All funds are subject to the Wichita Foundation administrative fee schedule unless otherwise specified.
- The Foundation may assess additional administrative fees for funds requiring substantial staff administration or specialized services.
- Funds falling below minimum balance requirements may be subject to additional fees or restrictions on distributions.
- All grants and distributions are subject to Foundation policies, governing agreements, and applicable law.

TYPES OF FUNDS

Donor Advised Funds

A Donor Advised Fund (DAF) is established by an individual, family, corporation, or private foundation. Donors may recommend grants from the fund to qualified charitable organizations, subject to approval by the Wichita Foundation Board of Directors.

Recommendations provided by donors or advisors are advisory only. Final authority over all distributions remains with the Foundation.

Donor Advised Funds Cont.

Additional Provisions

- Donors may appoint successor advisors.
- One primary successor advisor shall serve as the primary Foundation contact.
- Successor advisors may appoint successor advisors, limited to the number originally designated by the donor.
- If no successor advisors or written instructions remain upon the death of the donor(s):
  - endowed funds shall transfer to the Fund for Wichita; and
  - non-endowed funds shall transfer to Fund 316.

Funds below the minimum balance may be charged an annual administrative fee of $200 while efforts are made to restore minimum funding levels.

Designated Funds

Designated Funds support one or more charitable organizations identified by the donor at the time the fund is established.

If a designated organization no longer exists or its charitable purpose becomes obsolete or impractical, the Foundation may redirect distributions in a manner consistent with the donor's charitable intent pursuant to the Foundation's variance power.

Funds below the minimum balance may be charged an annual administrative fee of $200.

Field of Interest Funds

Field of Interest Funds support a defined charitable cause, area of need, or area of community interest identified by the donor and approved by the Foundation.

The Wichita Foundation Board of Directors retains full discretion regarding distributions while honoring the charitable intent established for the fund.

The Foundation may establish additional field-of-interest categories in response to donor interest and community need.

Funds below the minimum balance may be charged an annual administrative fee of $200.

Agency Funds

Agency Funds are established by nonprofit organizations for their own charitable benefit. Assets are owned and controlled by the Wichita Foundation, which retains ultimate authority over fund administration.

Agency Funds cont.
Annual distributions are made to support the nonprofit organization identified in the governing agreement.

Funds below the minimum balance may be charged an annual administrative fee of $100.

Supporting Organizations
A Supporting Organization is a separate 501(c)(3) public charity established to support the Wichita Foundation and its charitable mission.

Requests to establish a Supporting Organization shall be reviewed and approved by the Wichita Foundation Board of Directors for consistency with Foundation purposes, governance standards, and community need.

Establishment Standards
- The minimum contribution required to establish a Supporting Organization is $500,000 in assets.
- Supporting Organizations are subject to WF's Fee for Service schedule.

Reviewed & updated 7/2/26

INACTIVE FUND POLICY

In the event a fund is not active after three years, or is deemed dormant as defined below, or if the fund falls below the minimum fund balance as required in the Procedures for Establishment of Funds and Supporting Organizations, Foundation staff will contact the donor(s) in writing and provide options for the fund. The donor(s) will have six (6) months from the date of written notice to take actions, including but not limited to the following:

- Increase the balance of the fund above the minimum required balance within the next six months.
- Recommend grant distributions from the fund within six months of written notice from the Foundation to restore active status.
- Transfer the remaining balance of the fund as follows:
    - Non-endowed or current-use funds shall be transferred to Fund 316 and the fund closed.
    - Permanently endowed funds shall be transferred to the Fund for Wichita and the fund closed.
- Distribute the balance in its entirety and close the fund.

A fund shall be considered dormant if no grant distributions have been made from the fund for a period of three (3) consecutive years, regardless of fund balance.

If the Foundation makes at least four (4) documented attempts to contact the donor(s) over a one-year period and does not receive a response, the Foundation will initiate distributions from the fund in accordance with the provisions of the fund agreement, applicable law and Foundation policy.

Approved 4/4/16
Amended 2/3/26
Updated 5/15/26

SPENDING POLICY

Effective July 1, 2025, unless otherwise provided in the governing fund agreement or gift instrument, annual distributions from endowed funds shall be calculated using four percent (4%) of a twelve-quarter moving average of market value determined at the close of the fiscal year preceding distribution.

The Wichita Foundation Board of Directors may approve an alternative spending amount due to unusual or extraordinary circumstances.

This policy applies to all endowed funds existing on or established after July 1, 2025.

New endowed funds must have at least three (3) quarters of investment data before annual distributions may be calculated.

Adopted 12/2/2009
Reviewed & Updated 04/23/2025