Q: What kind of paperwork will clubs have to file with the IRS to become a 501(c)3?
A: None, to become a 501(c)(3). Kiwanis Intl. will take care of this.

Q: What will the cost be per club? Or will it all be done by Kiwanis International?
A: Kiwanis Intl. will bear the cost. The only cost to the club would be costs associated with having to re-file their articles with the state or costs associated with the 990 and notice requirements mentioned above.

Q: Will clubs have to report the donations they receive to the IRS or to Kiwanis International? Will that be on a Form 990 to the IRS or will Kiwanis International handle all the paperwork?
A: Clubs have to report to the IRS, as they do now, on Form 990, if their gross receipts are “normally” in excess of $25,000 annually.

Q: Membership dues will only be deductible less the amount of goods or services received, such as magazine and insurance and club dues? Is that correct?
A: A percentage of dues will be tax deductible, we're not sure what the amount is yet. Because of a dominimus rule, magazine and insurance may be deductible.

Q: Will clubs that have foundations (we have 40 club foundations plus our district Foundation) continue to use them as stand alone entities? Or will they have to roll their existing club 501(c)4 into their foundation 501(c)3? Or can they just let their club go and keep their foundation? Will it make any difference which foundation is being used? Will IRS and the various State authorities allow two almost identical foundations?
A: It's up to them, they're not required to do either. The reason most clubs have foundations is their status as 501c4's limited their fundraising ability. They can continue to run them separate if they choose.

Q: Regarding our District/Club Foundation, which is the fundraising arm, of our District/Club; What effect will this transition have on that foundation?
A: It shouldn't have any if you keep the foundation structure as it is.

Q: Another question? If we now have administrative and community accounts as part of our 501(c)4, will we continue to have the same accounts if we are a foundation? When we collect member dues do they still go into the administrative account? Will our community account continue to allow us the freedom to disburse money back into the community as we see fit, whether to benefit one person in need or many. Will all of the structure as we teach now in CLE for training club treasurers have to be changed? Will new guides have to be printed?
A: Yes, you would continue to have the same accounts. In theory you could co-mingle the funds, but we feel it's best to keep them separate. Yes, you can still use your community account as you see fit, including benefiting one person...or many, as long as the disbursements are for charitable purposes. No, at this time we don't see any need to adjust CLE training.

Q: If I understand correctly you are going to ask us to put forth an amendment to change our bylaws in August 2005 or do you mean 2006? If 2005, what if the IRS does not rule in our favor? Will we have to hurry up and change them back?
A: The change would occur in 2005. If the IRS does not rule in our favor then we would vote to adopt the previous governing documents. The IRS will not consider changing your status unless you've taken the steps to change your governing documents.
Q: We still cannot find any reference to the Optimist Club filings for 501(c)3 status or the granting thereof. Can you tell us when they received their advance ruling?

A: Go to the Optimist web site for more info on this, we don’t know the specific date.

Q: Does every club become a 501(c)(3)?

A: Yes, if they want to be part of Kiwanis’ group exemption.

Q: What is the annual ongoing maintenance cost to Kiwanis and clubs of a 501(c)(3)

A: The cost would be negligible – some recordkeeping and an additional schedule for the Form 990 if applicable.

Q: What control of the organization does the Board gain or lose by making this election?

A: No more or less than it currently has.

Q: Can a US or non-US club actions jeopardize the 501(c)(3) status.

A: A non-US club cannot have any effect at all. However, a US club can jeopardize it’s own status if it starts to do things not in line with the obligations of a 501(c)(3). If abuse became rampant, it could effect International’s exemption.

Q: Can clubs continue to provide service to individuals and still be in compliance?

A: Yes. However, such service must be for charitable purposes

Q: When clubs or members write off a meal or non-charitable types of expenses, does this jeopardize the 501(c)(3) status?

A: No, it does not jeopardize the clubs 501(c)(3) status.

Q: Does this make Kiwanis in foreign countries autonomous?

A: No more than is currently the case

Q: What are the positive and negative effects to our current Foundation?

A: It shouldn’t effect the Foundation unless you change their structure

Q: Will members stop giving to the Kiwanis International Foundation? What would be their ongoing incentive?

A: Why would they stop? The organization still needs a structure and process…a fund raising arm, that’s responsible for just that, fundraising. Kiwanis International has no plans to begin formal fundraising.
**Q:** How will this effect Club Foundations?

**A:** The clubs can choose to keep their foundation as there is no requirement that they merge the foundation and the club. Many smaller clubs have foundations because of the limits being a 501(c)(4) had on their fundraising. I imagine in small clubs, the foundation may be redundant.

**Q:** If the 501(c)(3) rules are breached, will Kiwanis lose its current not-for-profit status and become a taxable entity?

**A:** Kiwanis may revert back to 501(c)(4) status.

**Q:** Can the Kiwanis International Staff become self-funding through donations?

**A:** I’m not sure I understand the question. I suppose if Kiwanis was classified as a 501(c)(3) and a wealthy donor wanted to give Kiwanis International a large sum of money to pay for administration, then they could do that.

**Q:** Can a competitive environment be established between the Kiwanis International Foundation and the now Kiwanis 501(c)(3) for the same funds?

**A:** I don’t think so. Just as a university or college is a 501(c)(3), they have one piece that is in charge of administration and a separate foundation that is in charge of gift acquisition.

**Q:** Have we given the Optimists or other organizations changes to a 501(c)(3) a chance to be evaluated?

**A:** The move service organizations are making in tax reclassification is a brand new phenomenon, in that the four that have already changed their status have all occurred in the past four years.

**Q:** What is the rush? If it’s a good idea, waiting until further study on this matter is completed and experiences are achieved should only help to guide our decision.

**A:** We have talked to accountants, tax lawyers, the Internal Revenue Service and members. All feel very positive about our chances in getting tax reclassification and the opportunities it will provide our organization. If it’s a good idea, why wait?

**Q:** What type of expert opinions have we received? What are the benefits and pitfalls in becoming a 501(c)(3)?

**A:** For expert opinions see the previous question. The benefits are many – all or a portion of dues and fees would become tax deductible. Clubs without foundations would be able to directly solicit gifts from large, local donors like Wal-Mart, monies raised by clubs would be tax deductible for the public, clubs/districts/international would qualify for lower postage rates and would have the opportunity to realize vendor discounts only afforded to charitable organizations. The only cons that we have found is clubs may have to fill out an additional schedule to Form 990, will have to better track fundraising/donations and may come under more scrutiny from the public as a “charity”.

**Q:** Will Kiwanis International and clubs be a private or public 501(c)(3)?

**A:** Public, which means the club is broadly supported. Private foundations are supported by just a few people or one family.