

Template Managed Fund Agreement

Between

Community Foundation _____

a corporation without share capital incorporated under the laws of Canada,
and registered as a charity with Canada Revenue Agency

(hereinafter called the “Foundation”)

- and -

**Association Name
incorporation details**

and registered as a charity with Canada Revenue Agency

(hereinafter called the “Association”)

to establish the _____ Fund

(hereinafter called the “Managed Fund”)

Dated this ____ day of _____ 2019

Background

- A. The Foundation has experience coordinating and arranging third-party professional investment management of cash and other investment assets to generate income for charitable purposes.
- B. The Foundation does so on its own behalf and is mandated to assist other foundations and charities to do the same in a manner that is cost effective and administratively efficient for the other foundations and charities.
- C. The Association wishes to work with the Foundation to achieve these objectives and the Foundation wishes to offer its cooperation in this regard.

The Association hereby requests that the Foundation establish the above mentioned Managed Fund upon receipt from the Association of the initial amount of \$ _____, subject to the following conditions:

General Terms

1. The amount transferred and any additions thereto shall be accounted for and designated by the Foundation as the _____ Fund.
2. The Foundation shall be responsible for issuing non-charitable receipts to the Association for all funds received. No person other than the Association shall be permitted to make a donation to the Managed Fund.
3. The Foundation shall accept and manage the assets in accordance with its Financial Management Policy for Funds Held by Others “Managed Fund Policy” (see Appendix A), and its Investment Policy (see Appendix B), both as updated from time to time.
4. Subject to sections 13 and 16, the assets of the Managed Fund will be owned by the Association, but the Foundation may record or register the ownership of any securities or other investments or property included in the Managed Fund in the name of the Foundation or of any agent or nominee of the Foundation and grant custody of any such securities, investments or property, or the documents of title relating thereto, to any agent or nominee of the Foundation.

Managed Fund Income and Fees

5. Income from the Managed Fund shall be calculated on a monthly basis, based on the fair market value of the Managed Fund. Income from the Managed Fund will be calculated and made available for distribution, less the annual management fee (as specified in paragraph 6), to the Association once a year, no later than the end of June each year. Specifically, the Association will direct the Foundation on an annual basis if it wishes to have the income from the Managed Fund paid out or reinvested.
6. The Association acknowledges and agrees that the Foundation, in administering the Managed Fund and providing its services, will incur costs and agrees that the Foundation shall be entitled to recoup reasonable administrative, investment, and grant-making costs, which recoupment, for ease of administration, shall be effected in the form of an administrative fee. The fee charged will be in accordance with the Foundation’s Fund Administrative Fees Policy (see Appendix C), as amended from time to time.

Withdrawals from the Managed Fund

7. Withdrawals from the Managed Fund shall be in accordance with the Managed Fund Policy of the Foundation. Withdrawals from the Managed Fund can be made at the written request of two authorized officers of the Association, acting on a motion of the Board of Directors and require a minimum notice period of 30 days for settlement as set out in the Managed Fund Policy.

8. Once notice of withdrawal is given, the Foundation will continue to invest the Managed Fund within its pooled portfolio of investments until redemption is made. Redemption will be made at the end of a month determined at the discretion of the Foundation, but not later than the time periods specified in the Managed Fund Policy.
9. The Association acknowledges that due to the nature of markets, the market value of the Managed Fund may increase or decrease during the notice period.
10. In addition to the regular quarterly administration fee, the Managed Fund may be subject to an exit fee to cover any additional costs incurred by the Foundation to process the transaction. This would include any costs charged by the Investment Managers to liquidate the fund and process the transaction. This would be a cost-recovery fee; there would be no profit to the Foundation built into this fee.

Managed Fund Accounting

11. The Foundation shall maintain a separate account for the Managed Fund and report to the Association on an annual basis (or quarterly upon request).
12. To the extent that the Managed Fund will be pooled into the pooled investment account of the Foundation for investment management purposes, the auditors of the Association shall have access as they may reasonably require to the accounts and records of the Foundation relating to its pooled investment account.
13. The Association may convert the Managed Fund to a permanent endowment fund at any time, subject to the requirements of the Managed Fund Policy.

Miscellaneous Provisions

14. If the Association ceases to exist or ceases to be a Qualified Donee under the provisions of the Income Tax Act (Canada), the Managed Fund and the income thereof shall be redirected to the recipients provided for in the dissolution clause of the Association's constituting documents.
15. The Board of Directors of the Foundation is hereby authorized to take all steps necessary to effect the transfer of the Managed Fund to the designated organization or organizations.
16. In the event the Managed Fund is transferred to the Community Fund of the Foundation, the Board of Directors of the Foundation is hereby authorized to distribute the annual net realized income from such funds to registered charities or government sponsored organizations which are eligible to be donor recipient(s) of the Foundation to support purposes as near as possible to the original purpose for which the Managed Fund was created.
17. If the Foundation ceases to exist, the assets of the Managed Fund shall be distributed to the Association (or to any successor organization) or as it may direct,

subject to the payment of any accrued and unpaid administrative fees relative to the Managed Fund and subject to compliance with applicable legislation.

18. The Board of Directors of the Association shall, from time to time, provide the Foundation with a certified copy of a resolution by the Association identifying the person or persons who have authority to provide instructions to the Foundation with respect to the matters referred to herein and the Foundation shall be entitled to rely upon written instructions received from such designated representative(s) from time to time unless and until it receives a revised resolution.
19. The Foundation, in carrying out its duties and responsibilities pursuant to this Managed Fund Agreement, agrees to exercise the care, skill, diligence and judgment that a prudent investor would exercise in making its own investments. The Foundation does not, in any way, guarantee the performance of the Managed Fund and shall not be responsible for any loss sustained, except where such loss arises through the Foundation's own dishonesty or gross negligence. Honesty and good faith shall be presumed in favour of the Foundation.
20. This Agreement shall be governed by and constituted in accordance with the laws of the Province of Ontario and the laws of Canada that have application hereto.
21. This Agreement shall ensure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

Term & Termination

22. This Agreement shall have an initial term of three (3) years commencing the date that it is signed by the last of the parties, unless terminated earlier as provided herein. This Agreement may be renewed or extended at any time for additional three (3) year periods by the written agreement of the Foundation and the Association.
23. Either party may terminate this Agreement with one hundred and eighty (180) days written notice, or such earlier date as both parties may agree. If the agreement is terminated, the Foundation shall, not later than five (5) business days following the 180 day notice period, pay all amounts held in the Managed Fund to the Association.

IN WITNESS of their agreement, the parties have signed this Agreement as of the date first mentioned above.

Community Foundation

Association Name

, Chair

Name, Position

, Executive Director

Name, Position

We have the authority to bind the Corporation.

Appendices:

Appendix A – Financial Management of Fund Held for Others “Managed Fund Policy”

Appendix B – Investment Policy

Appendix C – Administrative Fees Policy