



## MEMORANDUM OF AGREEMENT (CAPITAL FUND)

**BETWEEN:** Canadian Rugby Foundation (the "Foundation")

**AND:** **xxxxxxxx RFC**

WHEREAS: The Canadian Rugby Foundation is a Canadian Not-for-profit Corporation incorporated under the Canada Not-for-profit Corporations Act, registered with the Canada Revenue Agency as a public foundation, registration number 869159186, and has within its mandate the ability to create endowed funds or student award funds to promote and support rugby activities, including but not limited to, players, clubs, coaches, match officials and rugby organizations.

WHEREAS: The parties to this agreement agree to establish a fund within the Foundation mandate.

Now, therefore, the parties agree as follows:

### NAME OF FUND

1. The name of the fund shall be **xxxxxxxx Capital Fund** (the "Fund", and together with all other funds created by the Foundation to promote rugby activities, shall be hereinafter collectively referred to as the "Funds".)

### MINIMUM FUND TERM

2. Subject to Section 3 of this agreement, the monies accumulated in the Fund will be held for a minimum term of fifty years from the date of each gift and shall not be removed except as permitted in accordance with this agreement.

### REMOVAL OF FUNDS

3. The monies accumulated in the Fund can be removed prior to the minimum term contained in Section 2 of this agreement on the following conditions: (i) they are removed by this agreement as specified in Schedule A.

### DEMISE OF ORGANIZATION OR COMPLETION OF CAPITAL PROJECT

4. Upon the demise of the organization which is a party hereto or the purposes of such organization no longer exist, or the purpose of the Fund is no longer valid, the Fund's assets may be transferred to another Foundation fund or an organization specified by the representatives of the Fund with a rugby-related purpose consistent with the purposes of the Foundation and failing such designation may be transferred to the Unrestricted Fund within the Foundation.

Upon the completion of the capital project, the Capital Fund may continue and be utilized for new capital projects; be converted to a standard club endowment fund, with surplus monies in the Fund maintained in the new Endowment Fund; be transferred to another Foundation Fund or to an organization specified by the representatives of the Fund with a rugby-related purpose consistent



with the purposes of the Foundation, and failing such designation may be shut down with the assets transferred to the Unrestricted Fund of the Foundation.

## **MINIMUM FUND CAPITAL**

5. The minimum accumulated contributions to the Fund will be \$20,000. Funds with less than the minimum contribution must be actively continuing to receive additional contributions. For any Fund with total contributions less than the minimum required, and not receiving any new contribution in the past thirty-six months the accumulated balance in the Fund may be transferred to the Unrestricted Fund within the Foundation. The Foundation agrees to notify the representatives of the Fund in writing, giving them reasonable notice to solicit new contributions to the Fund, before transferring the accumulated balance of the Fund to the Unrestricted Fund under this section.

## **RETURNS FOR FUNDS BELOW \$1,000,000**

6. The Foundation pools contributions to all Funds established within the Foundation for investment purposes. Annually the Foundation will allocate a portion of net returns after administration costs on investment from pooled funds to the Fund (the "Allocated Return"). The Allocated Return initially will be 3.5 percent of the total accumulated value of the Fund, including matching amounts on the first \$100K of the accumulated value of the Fund and 4.5 percent on the portion exceeding \$100K. Interest is calculated quarterly based on the balance at the beginning of each quarter. In the initial year, interest will be accrued from the date the funds are transferred into the Foundation's account. Though it is the intention of the Foundation to return 3.5 percent annually the Allocated Return may be subject to periodic adjustment to reflect the approximate average yield on investments of the pooled investments of the Foundation after all administrative expenses and an allocation to programs of the Foundation, provided any such allocation to the programs of the Foundation will only be made if the Allocated Return is a minimum of 3.5 percent.

## **MATCHING**

7. As the purpose of the Fund is to disburse the entirety of the assets accumulated in the fund towards major capital projects, no matching of funds will be granted.
8. The Board of Directors sets a rate of return for all individual funds and aims to keep that rate of return the same over a multi-year period. Currently 3.5 percent, it can vary with market conditions. The rate of return reflects our overall investment returns less investment fees, matching grants awarded, administrative fees and expenses and funds spent on Canadian Rugby initiatives determined by the Board of Directors from time to time.

## **CAPITAL WITHDRAWALS**

9. In addition to the annual distributions of income to the Fund, the Fund may request a capital withdrawal in any given year on a minimum of 3 months' notice. In the case of capital withdrawals in excess of \$100,000 six months' notice will be required. The Fund acknowledges and accepts that timing of the withdrawal may result in losses due to market changes to their investments with the Foundation. The annual capital disbursements referenced in Schedule A. will provide approval for the disbursement, but the payments from the Foundation will only be made upon receipt of a written request from the Authorized Fund representatives.



## **NO INVESTMENT PERFORMANCE REPRESENTATION**

10. The Foundation makes no representation with respect to investment performance and the Fund accepts the risk associated with investments made by the Foundation. The Foundation will manage investments prudently in accordance with its investment policy from time to time.

## **FOUNDATION'S RIGHT TO ENCROACH ON CAPITAL**

11. The Foundation reserves the right to encroach on invested capital of the Foundation as a whole, if necessary, to satisfy its CRA 5.0% disbursement quota requirement.

## **FUND REPRESENTATIVES**

12. The Fund will appoint two representatives with full authority to act on behalf of the Fund and to communicate, jointly, with the Foundation for all matters related to the Fund. Notification in writing will be provided by the authorized individuals associated with the Fund if the representatives of the Fund are to be changed.

## **FUND MERGER**

13. With the mutual agreement of the parties in writing, the Fund may be combined with other Funds.

## **INVESTMENT POLICY**

14. The Fund acknowledges receiving a copy of the most current investment policy of the Foundation. The Foundation agrees to provide any updated Investment policy to the fund within 15 business days. The Foundation acknowledges that the investment policy is a part of this agreement.

## **FUND PURPOSE AND CAPITAL WITHDRAWALS**

15. Disbursements from the Fund, once permitted, shall be for legal purposes consistent with the objectives of Rugby Canada and the Foundation, permitted under CRA regulation and subject to Rugby Canada and Foundation approval, which shall not be unreasonably withheld. If Rugby Canada or the Foundation does not give approval for a particular disbursement requested by the representatives of the Fund, it shall provide such representatives with written reasons why such request was denied, and Rugby Canada and the Foundation and Fund representatives will use their best efforts to rectify the request for disbursement to meet the requirements of Rugby Canada and the Foundation. The complete details on the process for disbursing funds are in the "Grant Manual" included as Schedule C.

16. The stated intentions of the Fund are as follows on Schedule A and form part of this agreement. The name and contact information for the representatives of the Fund will likewise be provided on Schedule A and form part of this agreement and will be updated from time to time, as necessary.

17. Any changes in the intended purpose of the Fund will be provided in writing and be subject to Foundation approval, acting reasonably.

18. The Fund may request a capital withdrawal in any given year on a minimum of 3 months' notice. In the case of capital withdrawals of more than \$100,000, six months' notice will be required. The Fund acknowledges and accepts that the timing of the withdrawal may result in losses due to market changes to their investments with the Foundation. The annual capital disbursements referenced in Schedule A. will provide approval for the disbursement, but the



# CANADIAN RUGBY FOUNDATION

PO Box 8003, Victoria, British Columbia, V8W 3R7, Canada

payments from the Foundation will only be made upon receipt of a written request from the authorized Fund representatives.

As the payment will be made by Rugby Canada, the Foundation's "qualified donee", the Fund Representative will submit a "Grant Request" form to Rugby Canada for the amount required and providing the grant amount and the intended use of the grant. The complete details on the process for disbursing funds are in the "Grant Manual" included as Schedule C.

In the event that Rugby Canada relinquishes its role as qualified donee for the Foundation, or it is no longer a qualified donee with the CRA, the Foundation shall appoint a replacement qualified donee, on similar business terms as the current arrangements, and in any event, not detrimental to the Fund.

## FUND REPORTING

19. The Foundation will provide an updated Fund balance every quarter within 30 days of the period end, and an annual report following the year-end within 60 days.

## DISPUTE RESOLUTION

20. In the event that a dispute arises as to the interpretation of this agreement or determination of any manner herein, and after the parties have made good faith efforts to resolve such dispute through direct negotiation, and where possible, non-binding mediation, such dispute shall be resolved by a single arbitrator, if the parties can agree upon one; or failing agreement, by three arbitrators, one selected by the moving party, one selected by the responding party, and a 3rd to be selected by two aforesaid arbitrators, and a decision of a majority of them shall be binding.

## LIABILITY INSURANCE

21. The Foundation will provide proof of Directors and Officers liability insurance in an amount equal to or greater than the largest individual Fund balance under the Foundation's administration and will provide written notice 60 days in advance of any changes to the policy or coverage. The Foundation will, at all times, maintain adequate Directors and Officers liability insurance, as determined by a licensed, independent insurance broker on an annual basis.

## UPDATES TO MEMORANDUM OF AGREEMENT

22. The Foundation may from time to time, acting reasonably, require amendments to this Memorandum of Agreement in order to update the Memorandum of Agreement to the then-standard terms of the Foundation. Any such changes shall not affect the calculation of the Allocated Return. Amendments will require the mutual agreement of the parties in writing, acting reasonably. If the Fund does not give approval for a particular request by the representatives of the Foundation, it shall provide such representatives with written reasons why such request was denied, and the Foundation and Fund representatives will use their best efforts to rectify the request to meet the requirements of the Foundation and Fund. Any such changes shall not affect the calculation of the Allocated Return. Notice of updates must be sent to the listed contacts for the Fund at least 30 days prior to any amendments being enacted.





## Designated Fund Representatives:

1. Name, Email
2. Name, Email

## SCHEDULE B.

### INVESTMENT POLICY

- ✓ Canadian Rugby Foundation Investment Policy received

## SCHEDULE C.

### GRANT MANUAL

- ✓ Rugby Canada - Canadian Rugby Foundation Grant Manual received