



The Rotary Club of Dearborn Heights, Michigan

Policies and Procedures

for the Inter-Operation of

The Rotary Club of Dearborn Heights

and

The Rotary Club of Dearborn Heights, Foundation

1. Purpose

The purpose of this document is to define the roles and responsibilities of the Rotary Club of Dearborn Heights (The Club) and the Rotary Club of Dearborn Heights Foundation (The Foundation), as it pertains to the conduct of fundraisers, donations to The Foundation from The Club and the distribution of charitable funds. This document does not address the administrative procedures for The Club. Both The Club and The Foundation are governed by their individual bylaws and as such those bylaws prevail should there be any inconsistencies between the bylaws and this document.

2. Approval and modification of this document

Given that the entire membership of the Dearborn Heights Rotary club are de facto members of the Dearborn Heights Rotary Club Foundation, approval of this document shall be by majority vote of the membership. Before this document can be considered for implementation, it shall be presented to the entire membership through electronic means. At a regular meeting of the Dearborn Heights Rotary Club, having been given adequate notice, the membership shall be allowed time for discussion on any portions of the document and once all discussion is complete, shall vote on the approval of the document for use.

Any member, at any time may request changes in the policy and procedures. These requested changes shall be submitted in writing, to include suggested rewording of the relevant sections of the document, to both the Board of The Club and the Board of The Foundation. If both Boards approve the requested changes, then the membership shall be approached for approval in the same manner described above for the initial approval of the document.

3. Roles and responsibilities of The Club and The Foundation

This section outlines the roles and responsibilities from a financial and operational standpoint for both The Club and The Foundation

a. Roles and Responsibilities of The Club

The structure of The Club, as defined by its bylaws, is comprised of the following committees and sub-committees.

1. Club Administration
2. Membership
3. Public Relations
4. Club Service Projects
 - i. Community Service
 - ii. International Service

iii. Vocational Service

5. Rotary Foundation

Club Administration exists to perform day-to-day administrative functions of the club, such as organization of meetings, guest speakers, fellowship events, collection and payment of dues, maintaining books of accounts and preparation of tax related documents.

The Membership committee is responsible for membership development and retention, while the public relations committee is responsible for all aspects of public relations for both the administrative and charitable activities.

Club Service Projects and Rotary Foundation is the charitable arm of The Club.

The Club Service Project committee, and sub-committees, is responsible for planning, budgeting, executing and reporting for all service projects performed by The Club, regardless of the source of funding.

The Rotary Foundation Committee is responsible for the promotion of Rotary Foundation programs and for soliciting financial support for the Rotary Foundation.

b. Roles and Responsibilities of The Foundation

The Foundation has two main functions

First and foremost it is responsible for ensuring that all funds within in its control are invested in such a manner as to provide the maximum possible return.

Secondly the Foundation, through it's Board, is responsible for responding to requests from the Club for financial support, either for donations to an outside charitable entity or to The Club for funding of Service Projects. The Foundation is responsible, with the assistance of The Club, for verification that a disbursement of funds is performed in accordance with all laws and IRS regulations governing the operation of The Foundation.

4. Composition of The Foundation Board

As governed by The Bylaws of The Foundation, the Board at any one time shall consist of the three immediate past presidents of The Club. The current President of The Club shall also appoint two others from the club membership, to serve on The Foundation Board in the positions of Secretary and Treasurer.

The Chair of The Foundation Board shall be the longest serving of the three past presidents on the Board.

The new Board will assume authority on July 1st of each year. Each past President shall serve on The Foundation Board for a period of three years, while the appointees shall

serve a term of one year. There are no restrictions on the number of years an individual can be appointed to serve on The Foundation Board.

The current President of The Club shall act as liaison between The Club and The Foundation and shall be invited to attend all Foundation Board meetings to present and discuss funding requests from The Club.

5. The Club and The Foundation budgets

The fiscal year for both The Club and The Foundation begins on 1 July in a given year and runs through June 30th of the following calendar year.

Each year the President-Elect for The Club is responsible, together with her/his Board-Elect and the appointed committee chairs for that year, for the development of budgets for each committee. The Officers and Board members for The Club are elected by the membership at the Annual General Meeting held in December each year, and assume office on July 1st of the following year. However, planning must start in advance of the officers and Board taking office.

To this end, the President-Elect shall appoint all committee chairs by April 30th prior to the commencement of his/her year. In addition, the President-Elect shall meet with her/his Board-Elect and committee chairs at least once before May 31st of that year to develop plans and budgets for the following year. It is recommended that the President-Elect use the “Planning Guide for Effective Rotary Clubs” as a tool to complete this planning process. This guide will be supplied at the President Elect Training Seminar by District leadership.

In addition to developing the club budgets, the Board-Elect must determine the amount of financial support it expects from The Foundation and submit this budget request to The Foundation Board-Elect by June 1st. The Foundation Board will review this budgetary request against available funds and also for suitability for funding. The approved budget, following any necessary discussion with The Club Board-Elect, will be returned to The Club Board Elect by June 30th.

6. Request for Foundation funds from The Club

Once the board of The Club has approved a project or financial support to another organization or individual, it must determine what portion of the funding is needed from The Foundation. The Club will then complete a Foundation Funding Request form (see Attachment A), which must be approved by the President, the appropriate Service Chair and an officer of The Club. This request will then be forwarded to the Secretary of The Foundation for approval and disbursement of funds. The disbursement of funds may be denied if insufficient funds are available or if the project or donation does not fit certain charitable definitions as determined by The Foundation Board.

The Foundation Funding Request will include information regarding the nature of the project/donation, an indication of whether it is an approved budgeted item and a reference to The Club Board meeting motion that approved the project/donation.

7. Foundation review process of Club requests for funding

When a request for funding is received by the Foundation board, it must be reviewed at the next meeting of The Foundation Board.

The request will be reviewed to ensure that adequate funding is available and that it meets all laws and IRS regulations governing the operation of The Foundation. If the request meets all requirements, the Board will approve it and the chair of the board and one other board member will sign the Foundation Funding Request. A copy of the completed request form will be forwarded to the Secretary of The Club.

If for some reason other than lack of available funds, or non-compliance with laws or IRS regulations, The Foundation Board decides not to approve the request, a full explanation of the reason for rejection will be given on the request form and a copy of the rejected request form will be forwarded to the Secretary of The Club.

8. Appeal process for rejected funding requests

Should the board of The Club receive a rejected funding request from the board of The Foundation, the board of The Club has the right to appeal to the members of The Club.

Once the board of The Club decides to appeal to the members of The Club, it shall inform the membership of such a decision. This notice shall include the nature of the funding request, the reason the board of The Foundation gave for rejecting the request and when the board of The Club would like to discuss the matter at a regular meeting of The Club. This notice must be sent to the membership at least one week in advance of the meeting at which it will be discussed and may be delivered electronically.

During the discussion meeting, a member from board of The Foundation will be given the opportunity to present the boards' reasons for rejecting the request and its recommendation to the membership. Likewise, a member of the board of The Club will present its reason for appealing the decision and its recommendations.

Following all board presentations and discussion by members, the membership will vote on whether to uphold The Foundation Board decision or approve the appeal from the board of The Club. Both the board of The Foundation and the board of The Club shall abide by the outcome of the vote by the membership.

9. Fundraising

The Club shall be responsible for the planning and execution of all fundraisers. The chairperson for any particular fundraiser will be responsible for tracking expenditures and income, regardless of the source of these items.

With one exception, all fundraising income and expenditure shall be handled through The Club charitable account. The exception is the collection of corporate or individual sponsorship, where a tax exemption is required for the donation. The chairperson for the fundraiser will arrange for any such sponsorship or donation to be made directly to The Foundation. This will entail notifying The Foundation Board that such a donation is forthcoming and may require that an invoice be issued to the corporate or individual sponsor. The Foundation Board is also responsible for notifying the chairperson when a donation/sponsorship fee has been received.

The fundraising chair will include in any income/expense reports the sponsorship monies received for that fundraiser by The Foundation when calculating the net profit for the event.

10. Disbursement of net fundraising income to The Foundation

Within a reasonable time period following the completion of a fundraiser, the chairperson shall complete a detailed financial report and present this to The Club Board. The report shall detail the income and expenses, including those incomes paid directly to the foundation. The resultant sum of the income and expenses shall be considered the net profit for the fundraising event.

The Club bylaws allow for up to 15% of net income for a fundraiser to be used for club administration expenses, if required and approved by The Club Board.

Once the net income for a fundraiser has been verified by The Club Board, the Treasurer will be authorized to disburse to The Foundation a sum equal to 85% of the net income, less any monies already received directly by The Foundation for event sponsorship or donations in the name of the event.

The remaining 15% will be retained in The Club charitable account, to be made available at The Club Board's discretion for payment of club administration expenses or for seed money for other fundraisers.

Prior to June 30th of that fiscal year The Club will review all retained fundraising income and determine what surplus may be donated to The Foundation and direct the Treasurer to disperse such funds. The Club Board may at its discretion retain all or a portion of the retained profit for the purpose of funding future fundraisers.

11. Club President's Discretionary Funds and Rotary Foundation Matching

Traditionally The Club has approved at the beginning of the Rotary Year, discretionary funds for the President. This allows the President to react immediately to needs that are brought to the attention of the club, without having to seek prior approval of The Club Board. In recent years, The Club has approved two discretionary funds; the first for local community needs and the second for local or international disaster relief.

Any such discretionary funds must be included in the budget submitted to The Foundation Board by the incoming Club Board. The President will use funds from The

Club charitable account and, when approved by The Club Board, will seek reimbursement from The Foundation.

In addition, at the beginning of the fiscal year The Club traditionally approves the matching of member donations to the Rotary Foundation annual giving program, up to \$100. Again, this amount shall be included in any budget submitted to the Foundation prior to the beginning of the Rotary year.

12. Minimum Foundation Annual Disbursements

The Foundation Board is charged with ensuring that the Foundation makes sound investments, in conjunction with investment advisors. It has been generally accepted and agreed, to the extent possible, that The Foundation will maintain an investment corpus and disperse only funds received from investment return or donated to the Foundation by individuals or corporations.

The current investment corpus is \$100,000, which came to The Foundation from a generous bequest. If any such bequests are received in the future it will be the responsibility of The Foundation Board at that time to determine how much of such a bequest will become a part of the investment corpus.

Guidelines from the IRS concerning charitable organizations require that a sum equal to at least 5% of the corpus should be disbursed each fiscal year. If the corpus remains at this amount then each year we would have to disburse a minimum of \$5,000. The idea behind this is to avoid the appearance of being an investment entity rather than a charitable entity.

The disbursement amount does not all have to come from investment returns, but can include any other funds that may be deposited into the foundation from donations, fundraising etc