



Rotary Club of Santa Fe Foundation

SERVICE Above Self

Rotary Club of Santa Fe Foundation Policies And Procedures Manual

May 16, 2011

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This manual is designed to provide working guidelines for Officers and other Board Members of the Rotary Club of Santa Fe Foundation, Inc., regarding the management of the Foundation's various activities, including fund raising, banking, investment, and distributions made by the Foundation as well as their administration. This manual should be reviewed and updated regularly to assure compliance with federal and state foundation laws and regulations. This Manual is meant to be a compilation of recommendations and general policy and does not relieve the Board of Directors of its obligations and duties to the members of the Foundation and the Rotary Club of Santa Fe.

The following Mission Statement, terms and definitions of responsibilities are included to enable each Board member and officer to work together with similar knowledge of operational policy.

Mission Statement

The Rotary Club of Santa Fe Foundation, Inc., (the "Foundation") is a non-profit corporation that receives, administers and disburses funds for humanitarian purposes. It operates in a manner consistent with the goals of the Rotary Club of Santa Fe (RCSF) and Rotary International (RI).

Members

Each member in good standing of the RCSF is automatically a member of the Foundation and is, at every meeting of the members, entitled to one vote in person or by written proxy upon each subject properly submitted for a vote.

Annual Meeting

Unless otherwise designated, the annual meeting of the members will take place immediately following or be incorporated into a regularly scheduled meeting of the RCSF in December each year.

Board of Directors

The Board of Directors is comprised of the same Board of Directors for the RCSF. The President elect of the RCSF will be the President of the Foundation, with the President of the RCSF serving as Vice President of the Foundation. The powers and responsibilities of the Directors are outlined in the By Laws of the Foundation. Contact RCSF Secretary for a copy if desired.

Initial Intent

The Foundation intends to meet both the short-term and long-term needs of the Santa Fe community, Northern New Mexico and RI projects by utilizing donor contributions, proceeds from the annual Pancake Breakfast, and other fund-raising activities to make selective grants and to grow the endowed funds of the Foundation.

Standing Committees

In order to further provide for essential oversight and execution for the critical functions of the Foundation, it is necessary to establish the following Standing Committees:

Finance Committee, chaired by the Treasurer or in his/her absence, the Assistant Treasurer, whose duties are as follows:

1. Assure gifts and donations are accepted in compliance with established guidelines, properly characterized as to purpose, acknowledged, recognized and appropriately receipted.
2. Prudently oversee the investment of the Foundation's funds according to guidelines approved by the Board, which include objective, goals, appropriate segregation of funds, asset allocation, restricted investments, pay-out rate and reporting.

Fund Raising Committee, chaired by a member of the Board, whose responsibilities are to develop new sources of funding from Planned Giving and other fund-raising programs.

Grants Committee, chaired by a member of the Board, whose responsibilities are locally to solicit applications from qualified community NGO's, review and recommend disbursements to the Board based on previously approved guidelines. The Committee would also recommend to the Board participation in RI or District projects if appropriate.

Strategies and Plans:

1. Grow the Foundation's endowment to a meaningful level +/- \$500,000 in 10 years from the implementation date of these Policies and Procedures.
2. Support charitable initiatives that have significant lasting impact for the community and offer volunteering opportunities for active RCSF member participation.
3. Where possible, leverage Foundation grants with funds from RI Matching Grant Activities internationally and with District Designated Funds locally.
4. Develop a capacity to respond to emergencies and to act quickly when critical opportunities/needs present themselves.
5. Provide humanitarian projects/opportunities for club members to establish permanent donations or planned giving.
6. Establish efficient administrative controls, reporting, and prudent management of funds entrusted.
7. Work cooperatively with other foundations that share our objectives.

Gift Acceptance and Investment Policies and Guidelines

Gift Acceptance Policies

Board Members, Committee Chairs and all Foundation members must understand the rules relevant to the solicitation and acceptance of donations to the organization. This should help avoid future misunderstandings for potential donors or embarrassments to us. It should also facilitate the acceptance of donations without unnecessary internal bureaucracy.

1. It is imperative that discussions with donors or prospects be kept strictly confidential unless the donor wishes otherwise.
2. Prospective donors should be encouraged to make their contributions without restrictions so that the funds will be categorized as **Unrestricted Funds** and managed accordingly.
3. If the donor wishes to place restrictions on either the use of the funds or how they may be invested, the gift must exceed \$250 and be approved by the Board. It is important to understand and record any special purpose or restrictions placed by the donor on the contribution to be made so that appropriate management of the funds and related disbursements can be executed. These funds are characterized as **Restricted Funds**. Installment/longer term gifts and other specially arranged gifting require Board approval.
4. Gifts other than cash require approval of the Board. The Board will consider accepting marketable securities, “in-kind” donations, gifts of real property, insurance policies, etc., on a case-by-case basis.
5. The Foundation has established **Donor Advised Funds** in its name at both the Santa Fe Community Foundation and the RI Foundation to facilitate grants to deserving charities and additional gifting. Such donations are characterized as **Designated Funds**.
6. Cash donations of \$250 or more to the Foundation require a written receipt (standard format) to be issued by the Treasurer or Assistant Treasurer, which will include the donor’s name, the date received, the amount, whether or not any restriction applies and a statement as to whether value was received by the donor in return for the gift as estimated by the Board. Should a non-cash or non-marketable securities gift be approved by the Board, an outside valuation would have to accompany the gift at the donor’s expense.
7. The Board should not accept donations including those that:
 - i. Don’t relate to the mission of the organization
 - ii. Don’t cover all the necessary costs of a program or project
 - iii. Come from an unwelcome source
 - iv. Could cause the organization to lose public support or tax exempt status
 - v. Would be unduly complicated to manage.

Investment Policies

Investment policies refer to policies the Board has defined and/or approved for guiding how the various organizational funds should be invested. An investment policy should consider the following points:

1. Investment objectives
2. Specific funds affected, Restricted and Unrestricted
3. Asset allocation guidelines including diversification should be developed by the Finance Committee and approved by the Board
4. Spending rules conforming to federal and state not-for-profit requirements
5. Investment restrictions required by Restricted funds or established by the Board
6. Performance measurement benchmarks for any independently managed funds and monitored by the Finance Committee regularly.
7. Reporting requirements for internal reporting to the Foundation Board and membership as well as to the IRS and State authorities. See Page 5 below.

Finance Committee Investment Guidelines

1. Funds should be segregated and managed based upon their expected disbursement time horizon and the restrictions placed upon them by donors.
2. Endowment Funds are funds permanently restricted but directly owned and managed by the Foundation. The expectation is that these funds will grow over time and produce a permanent source of return in the form of dividends and/or interest that will be available to the Foundation annually as another source of funds for its charitable giving purposes.
3. The Board is responsible for approving Endowment Investment policies that should include the objective to preserve capital and to provide a dependable and reasonable rate of long-term investment return consistent with moderate investment risk.
4. The Board should also approve the Endowment's broad risk policies in terms of its investments in Equities, Fixed Income and Cash as well as permitted equity concentrations, minimum bond ratings, currency exposures, permitted mutual fund investments and prohibited investments. The Finance Committee should develop such parameters.
5. The Board should establish, following a recommendation from the Finance Committee, the annual pay out from the Endowment that will be available for charitable activities annually in compliance with federal and state regulations.
6. The Finance Committee should recommend outside investment managers to be approved by the Board and monitor performance against established benchmarks and report on performance quarterly to the Board and annually to the membership.
7. Two authorized signers duly approved by the Board are required to disburse funds by check or wire and for instructions to outside investment managers to move funds or make changes in investment policies.

Fund Raising Policies and Guidelines

Funding Sources:

1. Pancakes on the Plaza, July 4th of each year.
2. Individual contributions made as Unrestricted Funds and/or as Restricted Funds with or without a specific purpose. These contributions will be made in cash. Contributions made in a form other than cash will require specific approval by the Foundation Board of Directors, including Designated Funds.
3. Good News Basket; a check serves as one's receipt, except for amounts greater than \$250, in which case written receipts are furnished to the donor by the Foundation.
4. Grants awarded to the Foundation for a specific purpose and other projects of the Foundation that may have specific outside funding by individuals.
5. Otherspecial events that the Foundation establishes for fund raising.
6. RI, District or other organizations' matching funds.
7. Other sources and opportunities as may be approved by the Foundation Board.

For gift acceptance guidelines, see Page 1 of Policies and Guidelines.

Grant Making Policies and Guidelines

Grants Committee will review the Grant Proposal Guidelines previously recommended to modify them for current requirements as they see fit and present them to the Foundation Board for approval.

Internal Reports

Accurate, timely, and readable internal reports that present relevant financial information, with enough context for thorough understanding, are imperative for good management and critical for knowing what's going on with the organization financially. All internal and externally managed assets must be included.

Reports generated for the Board of Directors should be agreed upon by the Board: which reports, what they will look like, who will get them, and how often. This inventory of monthly or quarterly reports should minimally include: the Statement of Financial Position (SOP--sometimes called the balance sheet) and the Statement of Financial Activities (SOA--sometimes called the profit and loss report, income and expense report, or budget report). For the general Board, these should be one-page summary reports with narrative notes and supplemented with specific focus detail reports as needed. Examples include: income and expense (profit and loss) line items by activity, cash flow projection, fundraising progress, and program or project reports.

To be strategically useful, reports should show numbers in context so a Board member could answer the following questions about the SOA report: What was last year's total? What is the annual budget for this year, what percentage of the budget is represented by the year-to-date amounts? How do we expect to end the year and how does that compare to the approved budget? What are the reasons for the significant variances? What is the status of restricted revenue, if any, as distinct from unrestricted?

The most useful SOP reports **include columns showing restricted and designated funds separately from unrestricted.** They include a prior year comparative and narrative explanations of significant changes or unusual balances. Good financial management requires that even small and midsize organizations understand and use the SOP report. This report reveals critical information about cash balances, investments, receivables, payables, and the overall financial health of the organization and shows the cumulative results of all years of operation. From this report, a Board member could tell: Do we have enough cash to pay our bills? Are receivables or payables around the same as usual? (If different, narrative notes should explain why.) Are restricted funds protected? What portion of net assets is available for operations versus restricted or invested in non-liquid instruments?

Formatting reports for maximum readability is a very important consideration often overlooked. All reports being provided to Board members, Finance Committee members, staff managers, or other stakeholders should be straightforward and easily understood.