



Rotary Club of Santa Rosa Foundation

Handbook 2020-2021



PO Box 1513

Santa Rosa, California 95402

email: info@foundationrotarysantarosa.org

www.FoundationRotarySantaRosa.org

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PURPOSE

The purpose of the Foundation is to distribute financial assistance to qualified organizations and scholarship recipients. We support **local** projects in the following six areas of interest:

Arts & Culture
Quality of Life
Help for the Less Fortunate
Education for All Ages
Abused and Battered People
Children & Youth

MISSION

The Rotary Club of Santa Rosa Foundation's (RCSRF) mission is to increase charitable giving in the local community and to provide a stable base for future grant distributions. The financial goal of the Foundation is to fund charitable community service projects and scholarships in the local community and reduce the need for annual labor-intensive fund-raising events by the Club.

GOALS

1. Improve the effectiveness of the donor outreach and communication effort.
2. Strengthen the working relationship between the Club and the Foundation.
3. Increase contributions to the Foundation from Rotarians as well as Non-Rotarians.
4. Update the procedures of the Charitable Projects Committee.
5. Explore ways to involve more Rotarians in the work of the Foundation especially newer and younger Rotarians.
6. Develop and implement a plan to generate more gifts to the foundation through the avenue of planned giving.

HISTORY

Early in 1989, the Club's then President, Ted Ingham, proposed to the Rotary Club of Santa Rosa's Board of Directors that they create a separate charitable, nonprofit foundation to be called the "Rotary Club of Santa Rosa Foundation."

The Foundation was to act as the Club's charitable fundraising and giving arm in our local community and to provide a means whereby Rotarians, and friends of Rotary, could make tax-deductible contributions to Rotary community service and charitable projects. To accomplish this, it was necessary to establish a separate legal entity (Tax ID # 68-0205619) that was tax-exempt under Section 501 C3 of the Internal Revenue Code so that contributions to it would be tax-deductible (since contributions to the Club are not tax-deductible as charitable donations).

The Foundation's creation was motivated by the need to increase the Club's overall amount of charitable giving to the community and to provide a stable base for future grant distributions. The financial goal of the Foundation from the outset was to create an endowment fund large enough to provide sufficient annual income to fund the charitable community service projects and lessen the need for annual labor-intensive fund-raising events. Similar foundations were in place in other Rotary Clubs, such as San Francisco, Oakland and Petaluma. In agreement with the mission and goals of local Club Foundations, Rotary International provided organizational assistance.

The Club's Board of Directors approved the formation of the Foundation and with the help of Ed Anderson; the Articles of Incorporation were filed on November 15, 1989. The Bylaws of the Foundation were certified by Secretary Lew Robbs on January 24, 1990 with the first Trustees being Ted Ingham (President), John Brown (Vice President), Lew Robbs (Secretary), Sam Saunders (Treasurer) and Harold Bostock. The Foundation has been blessed with strong leadership over its twenty-nine-year history. The Past Presidents of the Foundation are:

Ted Ingham
John Brown
Sam Saunders
Jeanne Levin

Steve Olson
Eileen Carlisle
Norm Owen

In 2013 the Foundation Trustees approved the establishment of an honorary position entitled "Trustee Emeritus". The purpose of the position is to honor past trustees for their exemplary work and dedication to the Foundation. The first two honorees were Sam Saunders and Jeanne Levin.

Donations in the early years were modest and consisted mostly of memorial contributions. Beginning in 1995, however, the Foundation began to receive substantial bequests from donor estate plans, including gifts from the Trusts of Catherine Druquer, Ben Nutter, The Stan Lance family, Spence and Shirley Flournoy, Creed Wood, and the Genevieve Pluth Fund. Memorial funds were also established to honor members of the Sorensen & Chase Families, Hardester Family, Jack Levar, John Brown, Wes Jamison and Larry Bello.

In addition, the majority of Rotary Club members donated to our foundation, helping create the John Brown Fund, the Jack Levar Fund, and our Rotary Legends Fund. With all these gifts, large and small, the Foundation's corpus continues to grow. Growth of the Foundations assets (corpus) was rather slow during the early years in the 1990's but has steadily grown on the past 20 years. It took fifteen years to reach the half million-dollar mark. The following milestones provide a glimpse of the Foundations growth over its nearly 30-year history.

2005 \$500,000

2012 ... \$1,000,000

2017 ... \$1,500,000

2021 ... \$2,000,000 (Projected)

To help with the mutual goal of providing local charity funding, the Foundation and the Club co-operate and fund charitable community grants. Over seventy-five community grants have been awarded since the foundations inception and there are currently nine scholarship endowment funds and three special designated funds.

ROLE OF THE BOARD OF TRUSTEES

Trustees of The Rotary Club of Santa Rosa Foundation, Inc. ("Foundation") consist of up to fifteen current members of the Rotary Club of Santa Rosa ("Club") who are elected annually in classes of 3-year staggered terms by the Foundation Board of Trustees.

The Board of Trustees ("Board") meets at GHD Engineering, at 2335 Mercury Way, #150, Santa Rosa, CA 95407 at 3:15pm on the 4th Monday of each month. Notice of meeting changes conform to Bylaw4.3.

Board function

The board solicits, accounts for, invests, manages and distributes funds to be used for local charitable or philanthropic purposes. To this end, a mission statement, Bylaws and policies have been developed to meet the Board's fiduciary and legal responsibilities. The Foundation is a Section 501(c)(3) organization under the Internal Revenue Code of 1986 (IRC) and donations are tax deductible in accordance with Section 170 of the IRC.

Board Managed Funds

Restricted Funds or Scholarships:

- Career & Technical Education Scholarship for current SRJC student in memory of Lawrence P. Bello

- Military Veterans Scholarship for continuing or transferring SRJC student in memory of John E. Brown
- Engineering Scholarship (renewable) for transferring SRJC student in memory of Spencer & Shirley Flournoy
- Outstanding Local High School Student Leader Award & Scholarship in memory of Stanley L. Lance
- Business, Marketing & Communication Scholarship (renewable) for transferring SRJC student in memory of Jack Levar
- Business & Entrepreneurial Studies Scholarship for transferring SRJC student in memory of Christopher Wood
- Transfer Scholarship (2) for SRJC student established by the Rotary Club of Santa Rosa Foundation
- Third Grade Dictionary Fund in memory of Genevieve Pluth
- Fund to Assist Battered & Abused People established in memory of Catherine Druquer.
- High School Agriculture and FFA Fund in memory of Wes Jamison
- Fund for Excellence in Education in honor of Bob & Marge Sorensen and Dan and Judy Chase.
- Disabled Student Scholarship established by the Hardester Family

Unrestricted funds or Scholarships:

- Foundation General Fund
- Rotary Club of Santa Rosa Legends Memorial Fund

Temporarily **Restricted funds or Scholarships:**

- Giro Bello Fund

DISTRIBUTIONS -- WHO WE SUPPORT

In 2003, the Foundation and Club executed a memorandum of understanding (MOU) to work together in unifying and streamlining the grant application selection process with the objective of increasing support to qualified local organizations and eliminating duplication of effort on behalf of both organizations.

The Foundation and Club have separate responsibilities but share the common goal of furthering Rotary in our local community. Members of both the Foundation and the Club serve on the Charitable Projects Committee, which review applications from local charities, and makes grant decisions each year.

The Foundation and Club have supported many local charities. Here is a sample:

1. Salvation Army
2. Girl Scouts of Northern California Council

3. Jewish Family and Children's Center
4. Interfaith Shelter Network
5. Anova Center for Education
6. Rincon Valley Schools Music Program
7. Roseland University Prep
8. Safe House" with the YWCA
9. Women's Recovery Services
10. Legal Aid of Sonoma County
11. St. Joseph's Dental Clinic
12. Boys & Girls Club of Central Sonoma County
13. Community Support Network
14. Santa Rosa Symphony
15. Lyme Foundation
16. De Meo Teen Club

BOARD OF TRUSTEES (See Website “Regarding the Foundation”)

STANDING COMMITTEES

Executive

- a. Charge: The Executive Committee shall oversee operations of the Board and act on behalf of the Board when on-demand activities occur between Board meetings. Decisions made by the Executive Committee will be conveyed to the Board. The Executive committee also serves as a sounding board and advisory group to the President. The Executive Committee also:
 - i. Assists the President with the development of meeting agendas
 - ii. Advises the President on matters related to the successful operation of the Foundation
 - iii. Monitors progress on the achievement of short and long-term goals.
 - iv. Assists with the oversight of standing committees
 - v. Works on special assignments or projects as directed by the Board

Distributions & Finance

- a. Charge: Oversee all financial matters and make monthly reports to the Board of Trustees. The Distribution & Finance Committee also:
 - i. Develop an annual budget
 - ii. Monitor monthly financial statements
 - iii. Advise the Board on financial matters
 - iv. Act as a liaison with the Club Finance Committee on matters of joint interest
 - v. Recommends amount of annual funding available for charitable projects
 - vi. Work with counterparts from the Club on the Charitable Projects Committee to identify and make recommendations regarding worthy qualified recipients with Guidelines and Procedures as adopted by both boards.
 - vii. Monitor the distribution policy and recommend changes when needed

Charitable Projects

- a. Charge: Oversee all non-scholarship charitable giving. The Charitable Project Committee also:
 - i. Governed by the Administration Policy Memorandum (MOU)

adopted by both Boards, work with counterparts from the Club on the Charitable Projects Committee to identify and make recommendations regarding worthy qualified charities applying for grants

Scholarship

- a. Charge: Oversee the scholarship program and make regular progress reports to the Board of Trustees. The Scholarship Committee also:
 - i. Screening, selection and awarding of scholarships
 - ii. Work to increase the size and scope of the scholarship program

Investment

- a. Charge: Oversee the investment portfolio and work closely with the Investment Advisor to insure adherence to the official policy. The Investment Committee also:
 - i. Monitor investment performance in line with investment policy
 - ii. Meet regularly with the financial advisor(s)
 - iii. Keep the Board informed of investment performance and allocations
 - iv. Make recommendations on modification of investments and/or investment policy

Promotion & Marketing

- a. Charge: Oversee the public relations and marketing efforts of the Foundation. The Promotion and Marketing Committee also:
 - i. Develop and implement an annual PR & Marketing plan aimed at accomplishing the following:
 - a. In cooperation with the President, produce and distribute an annual report to the members of the Rotary Club of Santa Rosa and other interested parties.
 - b. Inform each member of the Rotary Club of Santa Rosa with a tally of their contributions for the year as well as their cumulative total.
 - c. Present a 30-minute report on the Foundation to the club at least once per year.
 - d. Provide at least one bulletin article and/or club announcement each month.
 - e. Distribute press releases to local media.
 - ii. Update and maintain the Foundation page on the club website.

- iii. Work with the President to respond to questions and issues that arise during the year from inside as well as outside Rotary that have a bearing on Foundations image and success.
- iv. Work with individuals to fund-raise for the Foundation's funds.

Donor Development & Recognition

- a. Charge: Oversee the donor recognition and development program of the Foundation. The Donor Recognition Committee will also:
 - i. Maintain an inventory of award items
 - ii. Monitor donation levels for recognition
 - iii. Present awards
 - iv. Coordinate the donor development program

Nominating (formed as needed)

- a. Charge: Oversee all Foundation elections in accordance with the bylaws and official policy. The Nominating Committee also:
 - i. Nominate a slate of officers and trustee's for election at the annual meeting.
 - ii. Provide a Nominating committee report to the February meeting of the board as well as an announcement to the club.

POLICIES

Distributions Policy

The Foundations Distribution Policy is intended to govern grants and scholarships made to qualifying organizations while ensuring the continued growth of the endowment to cover inflation and permit ever-increasing levels of support for worthwhile community projects.

It is the policy of the Foundation to award 4% of the five year average of total net assets annually as of June 30th, based on the financial statements for the five years then ended. However, distributions from any named fund are limited to the extent they do not cause the net asset balance of the fund to drop below the total amount contributed to the fund. Additionally, if a donor contract for a named fund designates conditions governing distributions from the fund that differ from this policy these conditions will be followed.

RCSRF shall have a standing finance and distribution committee consisting of the Treasurer and at least three additional Trustees. The purpose of the committee in regard to the distributions is to calculate the amount to be distributed each year and advise the Trustees on all matters related to the distribution of RCSRF funds.

RCSRF may establish pass-through funds with the distribution of such funds being made at a time and in a manner specified by the donor. Funds of this type do not get added to corpus and are not subject to the distribution guidelines described in paragraph two of this policy.

Named Endowment Funds Policy

1. All donors of \$25,000 or more including donors who pledge to reach the \$25,000 level over a period of 5 years shall be given the option of establishing a Named Endowment Fund in the name of their choice subject to the approval of the Foundation Board. Until the fund reaches the \$25,000 level, it will remain in the undesignated endowment fund.

2. All donors with a Named Endowment Fund shall be allowed to designate the area of interest where they would like distributions from their fund to be made. The Foundation's current areas of interest are:

- A. Arts & Culture
- B. Quality of Life
- C. Help for the Less Fortunate
- D. Education for All Ages
- E. Abused and Battered People
- F. Children & Youth

3. All memorial gifts shall be tracked by the name of the honoree in order to determine the amount of total contributions for consideration as a Named Endowment Fund. Such memorial gifts must follow the procedures stated in item #1 above.

4. No separate investments shall be established for Named Endowment Funds.

Investment Policy

I. Introduction

The Rotary Club of Santa Rosa Foundation (hereinafter referred to as the “Foundation”) was created to increase the Santa Rosa Rotary Club’s charitable giving to the community and to provide a stable base for future grant distributions. The purpose of this Investment Policy Statement is to establish guidelines for the Foundation investment portfolio (the “Portfolio”). The statement also incorporates accountability standards that will be used for monitoring the progress of the Portfolio’s investment program and for evaluating the contributions of the manager(s) hired on behalf of the Foundation and its beneficiaries.

II. Role of the Investment Committee

The Investment Committee (the “Committee”) is acting in a fiduciary capacity with respect to the Portfolio and is accountable to the Board of the Foundation and to the Executive Committee, for overseeing the investment of all assets owned by, or held in trust for, the Portfolio.

- A. This Investment Policy Statement sets forth the investment objectives, distribution policies and Investment guidelines that govern the activities of the Committee and any other parties to whom the Committee has delegated investment management responsibility for Portfolio assets.
- B. The investment policies for the Portfolio contained herein have been formulated consistent with The Foundation’s anticipated financial needs and in consideration of the Foundation’s tolerance for assuming investment and financial risk, as reflected in the majority opinion of the Committee.
- C. Policies contained in this statement are intended to provide guidelines, where necessary, for ensuring that the Portfolio’s investments are managed consistent with the short-term and long-term financial goals of the Foundation.
- D. The Committee will review this Investment Policy Statement at least once per year. Changes to this Investment Policy Statement can be made only by affirmation of a majority of the Foundation Board and written confirmation of the changes will be provided to all Board members and to any other parties hired on behalf of the Portfolio as soon thereafter as is practical.

III. Investment objective and spending policy

- A. The Portfolio is to be invested with the objective of preserving the long-term, real purchasing power of assets while providing a relatively predictable and growing stream of annual distributions in support of the Foundation.
- B. The distribution of Foundation assets will be in conformance with distribution policies established by the Foundation Board. The Committee will seek to reduce the variability of annual Foundation distributions by factoring past

spending and Portfolio asset values into its current spending decisions. The Committee will review its spending assumptions annually for the purpose of recommending to the Foundation Board whether any changes therein necessitate amending the Foundation's distribution policy, its target asset allocation, or both.

- C. Periodic cash flow, either into or out of the Portfolio, will be used to better align the investment portfolio to the target asset allocation, or both.

IV. Portfolio investment policies

A. Asset allocation policy

1. The Committee recognizes that the strategic allocation of Portfolio assets across broadly defined financial asset categories with varying degrees of risk, return, and return correlation will be the most significant determinant of long-term investment returns and Portfolio asset value stability.
2. The Committee expects that actual returns and return volatility may vary from expectations and return objectives across short periods of time. While the Committee wishes to retain flexibility with respect to making periodic changes to the Portfolio's asset allocation, it expects to do so only in the event of material changes to the Foundation, to the assumptions underlying Foundation spending policies, and/or to the capital markets and asset classes in which the Portfolio invests.
3. Foundation assets will be managed as a balanced portfolio composed of two major components: an equity portion and a fixed income portion. The expected role of the Foundation equity investments will be to maximize the long-term real growth of Portfolio assets, while the role of fixed income investments will be to generate current income, provide for more stable periodic returns, and provide some protection against a prolonged decline in the market value of Portfolio equity investments, with a long-term goal of high, single-digit returns.
4. Cash investments will, under normal circumstances, only be considered as temporary Portfolio holdings, and will be used for Foundation liquidity needs or to facilitate a planned program of dollar-cost averaging into investments in either or both of the equity and fixed income assets classes.
5. Outlined below are the long-term strategic asset allocation guidelines, determined by the Committee to be the most appropriate, given the Foundation's long-term objectives and short-term constraints. Portfolio assets will, under normal circumstances, be allocated across broad asset classes in accordance with the following guidelines:

Asset class	Target allocation range	Benchmarks
Equity	30% to 60%	S&P 500 Index
Fixed income	30% to 60%	B of A / ML Corp Master Index
Cash	0% to 30 %	

B. Diversification policy

Diversification across and within asset classes is the primary means by which the Committee expects the Portfolio to avoid undue risk of large losses over long time periods. To protect the Portfolio against unfavorable outcomes within an asset class due to the assumption of large risks, the Committee will take reasonable precautions to avoid excessive investment concentrations. Specifically, the following guidelines will be in place:

1. With the exception of fixed income investments explicitly guaranteed by the U.S. government, no single investment security shall represent more than 5% of total Portfolio assets.
2. With the exception of passively managed investment vehicles seeking to match the returns on a broadly diversified market index, no single investment pool or investment company (mutual fund) shall comprise more than 20% of total Portfolio assets.
3. With respect to fixed income investments, for individual bonds and preferred stocks, the minimum average credit quality of these investments shall be investment grade (Standard & Poor's BBB or Moody's Baa or higher).

C. Rebalancing

It is expected that the Portfolio's actual assets allocation will vary from its target asset allocation as a result of the varying periodic returns earned on its investments in different asset and sub-asset classes. The Portfolio will be rebalanced to its target normal asset allocation under the following procedures:

1. The investment manager will use incoming cash flow (contributions) or outgoing money movements (disbursements) of the Portfolio to realign the current weightings closer to the target weightings for the Portfolio.

2. The investment manager will review the Portfolio semiannually (June 30 and December 31) to determine the deviation from target weightings. During each semiannual review, the following parameters will be applied:
 - a) If any asset class (equity or fixed income) within the Portfolio is +/-5 percentage points from its target weighting, the Portfolio will be rebalanced.
 - b) If any fund within the Portfolio has increased or decreased by greater than 20% of its target weighting, the fund will be rebalanced.
3. The investment manager may provide a rebalancing recommendation at any time.
4. The investment manager shall act within a reasonable period of time to evaluate deviation from these ranges.

D. Other investment policies

Unless expressly authorized by the Committee, the Portfolio and its investment managers are prohibited from:

1. Purchasing securities on margin or executing short sales.
2. Pledging or hypothecating securities, except for loans of securities that are fully collateralized.
3. Purchasing or selling derivative securities for speculation or leverage.
4. Engaging in investment strategies that have the potential to amplify or distort the risk of loss beyond a level that is reasonably expected, given the objectives of their Portfolio.

V. Monitoring portfolio investments and performance

The Committee will monitor the Portfolio's investment performance against the Foundation's stated investment objectives. At a frequency to be decided by the Committee, it will formally assess the Portfolio and the performance of its underlying investments as follows:

- A. The Foundation's composite investment performance (net of fees) will be judged against the following standard:
 - 1. The Portfolio's absolute long-term real return objective.
- B. The performance of professional investment managers hired on behalf of the Portfolio will be judged against the following standards:
 - 1. A market-based index appropriately selected or tailored to the manager's agreed-upon investment objective and the normal investment characteristics of the manager's portfolio.
 - 2. The performance of other investment managers having similar investment objectives.
- C. In keeping with the Foundation's overall long-term financial objective, the Committee will evaluate Portfolio and manager performance over a suitably long-term investment horizon, generally across full market cycles or, at a minimum, on a rolling five-year basis.
- D. Investment reports shall be provided by the investment manager(s) on a (calendar) quarterly basis or as more frequently requested by the Committee. Each investment manager is expected to be available to meet with the Committee at least once per year or more frequently upon the request of the Committee to review Portfolio structure, strategy, and investment performance.

Changes to policy or other investment questions that arise are dealt with by the Investment Committee and advisors at Merrill Lynch.

Donor Recognition Policy

Rotary Club of Santa Rosa Foundation Sponsorship Recognition Levels:

Grand Sponsor - \$100,000 - \$500,000

Benefactor - \$25,000 - \$100,000

Major Donor - \$10,000

Patron Donor - \$5,000 - \$ 10,000

Founder - \$1,000

Legacy Society – Name RCSRFB in will, trust, etc.

In order to accumulate and track total donations to the Foundation by donor; donors will be credited as follows in our accounting records:

1. Donations by a club member or non-member shall be credited to the individual.
2. Donation by a business that is owned (wholly or in part) by a club member or non-member shall be credited to the individual.
3. Donations by a business where a club member or non-member is employed but is not an owner shall be credited to the business.

Conflict of Interest Policy / Form

No member of the RCSRFB Board of Trustees or Staff shall derive any personal profit or gain, directly or indirectly, by reason of his or her participation in the RCSRFB. Each individual shall disclose to the RCSRFB any personal interest which he or she may have in any matter pending before the organization and shall refrain from participation in any decision on such matter. Any member of the RCSRFB Board of Trustees or Staff shall refrain from obtaining any list of RCSRFB clients for personal or private solicitation purposes at any time during the term of their affiliation.

In addition to my service for RCSRFB, at this time I am a Board member or an employee of the following non-profit organizations:

- 1
- 2.
- 3.
- 4.

This is to certify that I, except with regard to carrying out my duties as an officer, director or staff member of the RCSRFB or as described below, am not now nor at any time during the past year have been:

A participant, directly or indirectly, in any arrangement, agreement, investment, or other activity with any vendor, supplier, or other party; doing business with the RCSRFB which has resulted or could result in person benefit to me.

A recipient, directly or indirectly, of any salary payments or loans or gifts of any kind or any free service or discounts or other fees from or on behalf of any person or organization engaged in any transaction with the RCSRFB.

Any exceptions to 1 or 2 above are stated below with a full description of the transactions and of the interest, whether direct or indirect, which I have (or have had during the past year) in the persons or organizations having transactions with the RCSRFB.

Signature: _____ Date _____

Printed name: _____

This list shall be updated annually.

Expense Reimbursement Policy

The Board of Trustees of the RCSRf recognizes that board members, officers, and employees (“Personnel”) of RCSRf may be required to incur expenses from time to time to conduct organizational business and to further the mission of this non-profit organization. The purpose of this Policy is to ensure that (a) adequate cost controls are in place, (b) expenditures are appropriate, and (c) to provide a uniform and consistent approach for the timely reimbursement of authorized expenses incurred by Personnel. It is the policy of RCSRf to reimburse only reasonable and necessary expenses actually incurred by Personnel. When incurring business expenses, RCSRf expects Personnel to:

- Exercise discretion and good business judgment with respect to those expenses.
- Be cost conscious and spend RCSRf’s money as carefully and judiciously as the individual would spend his or her own funds, and incur only expenses contained in a budget approved by the RCSRf Board.
- Report expenses, supported by required documentation, as they were actually spent.

Expense Report

Expenses will not be reimbursed unless the individual requesting reimbursement submits a written Expense Report. The Expense Report shall include the individual’s name and an itemized list of all expenses for which reimbursement is requested.

Receipts

Receipts are required for all expenditures

Governance Policies

The RCSRf strives for good governance through-out its operations and interactions with the community. The trustee board is responsible for good governance but relies on many different people to be able to govern well: staff, volunteers, advisors, and stakeholders. The board takes responsibility in the roles of:

- The long-term direction of the charity, including its objectives or purposes
- Implementing policies and activities to achieve objectives
- Complying with legal requirements
- Supporting and being responsive those with an interest or 'stake' in the charity
- Accountability to legal entities, governing bodies, RCSRf board, recipients, and donors

For clarity governance policies provide trust via accountability. This involves 1) Transparency by collecting information and making it available and accessible for public

scrutiny, 2) Answerability which requires providing clear reasoning for actions and decisions, including those not adopted, so that they may reasonably be questioned, 3) Compliance through the monitoring and evaluation of procedures and outcomes, combined with transparency in reporting those findings; and 4) Enforcement for shortfall in compliance, justification, or transparency.

RCSRF as a nonprofit is expected to be accountable to multiple entities: upwards to their funders or patrons, downwards to clients, and internally to themselves and their missions [(Edwards and Hulme, 1996a; Kearns, 1996; Lindenberg and Bryant, 2001; Najam, 1996) “Upwards” accountability refers to relationships with donors, foundations, and governments and is often focused on the use of funds. Accountability to clients refers primarily to “downward” relationships with groups receiving services, although it may also include our communities impacted by nonprofit programs. The third category of accountability concerns nonprofits themselves. This internal (or horizontal) accountability centers on an organization’s responsibility to its mission and staff, which includes decision makers as well as field-level implementers.

The RCSRF has a number of operational policies within the Handbook. Policies include:

- Conflict of Interest Policy
- Distribution
- Named Endowment Fund
- Investment
- Donor Recognition
- Governance
- Election
- Public Reporting and Transparency Policy
- Expense Reimbursement Policy
- Record Retention Policy

Public Reporting and Transparency Policy

Purpose:

- a. RCSRF believes in transparency and accountability to its constituents and the public by making available information on RCSRF’s governance structure, governance policies and documents, financial condition as reflected in financial statements, and major programs.
- b. This policy implements Internal Revenue Service requirements regarding public disclosure of RCSRF’s IRS form 1023 exemption application and annual IRS reporting forms.

Information Available to the Public

RCSRF shall make available upon request the following information and documents in a timely manner:

- a. A list of the current officers and directors of RCSRf
- b. Articles of Incorporation
- c. Bylaws
- d. Charge of Standing Committees
- e. Conflict of Interest Policy
- f. Corporate Governance Policy
- g. Public Reporting and Transparency Policy
- h. Financial and IRS documents, including:
 - i. IRS form 1023, exemption application
 - ii. IRS form 990 (most recent three)
 - iii. Financial statements*
 - iv. IRS Tax Determination Letter

Delegation of Authority for Website Management

The President may delegate the authority to manage the RCSRf webpage in accordance with this policy and with the further objectives of informing RCSRf's donors and prospective donors and the public of RCSRf's major activities and programs and providing information that supports RCSRf's mission.

** Financial statements will not be made available to the public, other than as reported on the annual Form 990. The financial statements are unaudited and are for reporting purposes to the board only. The financial statements represent the current understanding of the financial picture at that snapshot in time, and as such are reviewed by the board of directors. Without an independent audit or review of the financial statements and the information from which they are prepared, the corporation believes that it would be unwise to make them available to the public.*

Record Retention Policy

The RCSRF takes seriously its obligations to preserve information relating to litigation, audits, and investigations.

The information listed in the retention schedule below is intended as a guideline and may not contain all the records the RCSRF may be required to keep in the future. Questions regarding the retention of documents not listed in this chart should be directed to the President.

The chair of the Governance Committee is the officer in charge of the administration of this Policy and the implementation of processes and procedures to ensure that the Record Retention Schedule is followed. The Administrator is authorized to: make modifications to the Record Retention Schedule from time to time to ensure that it is in compliance with the local, state and federal laws and includes the appropriate document and record categories for RCSRF; monitor local, state and federal laws affecting record retention; annually review the record retention and disposal program; and monitor compliance with this Policy.

From time to time, the President may issue a notice, known as a “legal hold,” suspending the destruction of records due to pending, threatened, or otherwise reasonably foreseeable litigation, audits, government investigations, or similar proceedings. No records specified in any legal hold may be destroyed, even if the scheduled destruction date has passed, until the legal hold is withdrawn in writing by the President.

File Category	Item	Retention Period
Corporate Records	Bylaws and Articles of Incorporation	Permanent
	Corporate resolutions	Permanent
	Board and committee meeting agendas and Minutes	Permanent
	Policy and procedures manuals – original	Current version with revision history
	Conflict-of-interest disclosure forms	4 years
Finance and Administration	Annual financial statements	7 years
	Check register and checks	7 years
	Bank deposits and statements	7 years

	General ledgers	7 years
	Investment performance reports	7 years
Contracts	Contracts and agreements	7 years after all obligations end
Correspondence and internal memoranda	Correspondence — general	Same period as document they pertain to or support
	Those pertaining to routine matters, no significant, lasting consequences	2 years
	Those pertaining to non-routine matters or having significant lasting consequences	Permanent
Tax	IRS exemption determination and related correspondence	Permanent
	Annual information returns, federal and state	7 years
	IRS or other government audit records	Permanent

Election Policy

Background

Article III.5 of the Rotary Club of Santa Rosa Foundation (Foundation) Bylaws spells out the general procedure the foundation must follow when nominating and electing trustees to the board for three-year terms. Included in Article III.5 is the requirement to report election results to the club membership and call for a vote of verification. Article III.5 does not address the make-up of the foundation nominating committee, or the operational timeline or trustee qualifications. The following policy is intended to guide the entire trustee election process and by so doing, insure openness and transparency to all members of the Rotary Club of Santa Rosa (Club).

Introduction

It is the intent of the Foundation to conduct its trustee election process in an open and transparent manner while following all commonly accepted rules and regulations expected of community-based IRS 501(c)(3) non-profit organizations. This policy underscores the Foundation's fiduciary responsibilities to its donors while maintaining, to the highest degree possible, a close working relationship with the Club and its local community service projects. This policy also provides guidelines for the Foundation board and the board's nominating committee.

Appointment & Composition of the Foundation Nominating Committee

1. A Nominating Committee of five (5) Foundation members shall be appointed by the President of the Foundation.
2. The committee shall include the Club President-Elect and four (4) additional Foundation trustees whose terms are not ending during that election cycle.

Duties & Timeline of the Foundation Nominating Committee

1. An announcement of the upcoming trustee election will be made to the Club at least 60 days prior to the scheduled election which takes place at the Foundation's annual meeting in March of each year.
2. Members of the Club interested in being nominated will be encouraged to contact the Chair of the Nominating Committee to express their interest in serving as a trustee.
3. Current Foundation Trustees with expiring terms will be asked by the Nominating Committee if they would like to be nominated for an additional term.
4. The Nominating Committee will convene as needed to consider the qualifications of all persons expressing an interest in serving as a Foundation Trustee and develop a recommendation for consideration by the Foundation Board.
5. The Foundation Nominating Committee will present a preliminary report to the Foundation Board 30 days (February) prior to the scheduled election. The report will also be presented to the Club.
6. The Nominating Committee will present a final report with recommendations to the Foundation Board for action at the annual meeting in March.
7. The results of the Foundation Boards action will be presented to the Club at a regular club meeting within 30 days following the Foundation's annual meeting, with the Club members verifying the election by voice vote.
8. The Foundation trustees elected through the before mentioned procedure will take office on July 1st of the next fiscal year. An orientation meeting will be held prior to July 1st for newly elected trustees.

Nominee (New and Continuing) Qualifications

1. Nominees must be a member in good standing of the Club as defined by Article III.3 of the Foundation Bylaws.
2. Nominees shall have demonstrated their interest and support of the Foundation through one or more of the following:
 - a. History of financial support
 - b. Service on a Foundation committee such as the scholarship committee
 - c. Possess professional qualifications needed by the Foundation such as accounting, law, investment, technology, marketing/public relations and community-based fund-raising.

Foundation Protocol

The board adopts the following protocol when dealing with Bylaw amendments, revisions to existing bylaws, new bylaws, new policies and revisions to existing policies:

1. Changes to the bylaws and/or polices shall be presented to the board in writing no less than two weeks (14 Days) prior to the date of the planned action on the item in question. The written document shall include the previous language (if applicable), the new language and just as important, the rationale for the change and the vote count.
2. If a member(s) of the committee proposing the revision chooses to offer a minority opinion in objection to one or more of the elements of the proposed revision, the minority opinion must be submitted in writing no less than one week (7 Days) prior to the board action on the item in question. The minority opinion shall specifically address each issue for which the committee member(s) disagree with the committee recommendation.
3. Committees recommending Bylaws and policy revisions, or additions shall do everything possible to develop and bring forward recommendation that have unanimous support.

Electronic Documents and Records

Electronic documents will be retained as if they were paper documents. Therefore, any electronic files that fall into one of the document types on the above schedule will be maintained for the appropriate amount of time. If a user has sufficient reason to keep an e-mail message, the message should be printed in hard copy and kept in the appropriate file or moved to an “archive” computer file folder. Backup and recovery methods will be tested on a regular basis. Passwords, usernames, and similar security identifications will have a file accessible by Governance Committee Chair.

Emergency Planning.

The Organization’s records will be stored in a safe, secure, and accessible manner. Documents and financial files that are essential to keeping the Organization operating in an emergency will be duplicated or backed up at least every week and maintained off-site.

Document Destruction

The President is responsible for the ongoing process of identifying its records, which have met the required retention period, and overseeing their destruction. Destruction of financial and personnel-related documents will be accomplished by shredding.

Document destruction will be suspended immediately, upon any indication

of an official investigation or when a lawsuit is filed or appears imminent. Destruction will be reinstated upon conclusion of the investigation.

Compliance

Failure on the part of employees to follow this policy can result in possible civil and criminal sanctions against the RCSRFB and its employees and possible disciplinary action against responsible individuals. The President will periodically review these procedures with legal counsel or the organization's accountant to ensure that they are in compliance with new or revised regulations.

BYLAWS

1. ARTICLE I: Offices

- 1.1. Principal Office. The principal office of the Corporation for its transaction of business is located at P.O. Box 1513, Santa Rosa, Sonoma County, California, 95402.
- 1.2. Change of Address. The Board of Trustees is hereby granted the power to change the principal office from one location to another in Sonoma County, California. Any such change shall be noted by the Secretary in these Bylaws but shall not be considered an amendment to these Bylaws.

2. ARTICLE II: Membership

- 2.1. The Corporation shall have no members.

3. ARTICLE III: Board of Trustees

- 3.1. Directors: The Directors of the Corporation hereafter will be called Trustees.
- 3.2. Powers: The affairs of the Corporation shall be managed by the Board of Trustees.
- 3.3. Qualifications: All members of the Board of Trustees shall be elected from the current membership of the Rotary Club of Santa Rosa and must continue their memberships in the Rotary Club of Santa Rosa during their entire terms.
- 3.4. Number and Term: The number of Trustees of the Corporation shall be not less than three and no more than fifteen and shall include the President-Elect of the Rotary Club of Santa Rosa. The Board of Trustees by amendment of these bylaws may increase or decrease the number of Trustees, provided that no decrease in number shall have the effect of shortening the term of any

incumbent or reducing the number of Trustees to less than three. Upon the first annual election of Trustees, the Trustees shall be divided into three (3) classes, the first class to serve a term of (1) year, the second to serve a term of two (2) years, and the third to serve a term of three (3) years thereafter. Each subsequent Trustee shall be elected to a three-year term unless he or she is elected to fill a vacancy caused by the removal, resignation or death of a Trustee whose term has not been completed. Each Trustee shall hold office for the term for which he or she is elected and until his successor shall have been elected and qualified.

- 3.4.1. Trustee Emeritus. The Executive Committee of the Corporation may nominate, and the board of trustees may elect by a two-thirds majority a member or former member of the board of trustees who has provided exemplary service and dedication to furthering the goals and accomplishments of the foundation. The person nominated must have served on the board of the foundation for a minimum of six years, be a member in good standing of the Rotary Club of Santa Rosa and demonstrate a willingness to continue supporting the foundation. Once selected as a Trustee Emeritus, the person may attend meetings as a non-voting member and shall not have a defined term of office. A Trustee Emeriti retains all the rights and privileges of the position as long as they are a member in good standing of the Rotary Club of Santa Rosa.
- 3.5. Election: The member or members of one class of Trustees shall be elected by the Foundation Board of Trustees at each annual meeting, with the election results reported to and verified by the members of the Rotary Club of Santa Rosa within one month following the election. Trustees so elected will hold office until the expiration of the term of office of the class of Trustees into which elected and until their respective successors are qualified and elected.
- 3.6. Vacancies: The Board of Trustees shall have power to fill any vacancy occurring in the Board as well as any trusteeship to be filled by reason of an increase in the number of Trustees by amendment to these Bylaws. The Trustee elected to fill a vacancy shall be elected for the unexpired term of his or her predecessor in office. Elections of all Trustees require an affirmative vote of 2/3 of all Trustees.
- 3.7. Committees: The Board of Trustees may designate one or more committees each of which will consist of at least one committee chair and one or more committee members. Committee members may be members of the Board of Trustees or other interested individuals. The chair of the committee will be appointed by the president of the Corporation, who will act with the Board's approval. After consultation with the committee chair, the president will appoint committee members. The studies, findings and recommendations of all committees will be reported to the Board of Trustees for consideration and action, except as otherwise ordered by the Board of Trustees. Committees may adopt such rules for the conduct of business as appropriate and as are not inconsistent with these Bylaws, the Articles of Incorporation, or state law.

- 3.8. Executive Committee: In addition to 3.7, there shall be a standing Executive Committee of the Corporation.
- 3.8.1. Purpose: The Executive Committee shall oversee operations of the Board and act on behalf of the Board when on-demand activities occur between Board meetings. Decisions made by the Executive Committee will be conveyed to the Board. The Executive committee also serves as a sounding board and advisory group to the President. The Executive Committee shall not be empowered to take any action which requires a 2/3rds vote of the Board of Trustees under these Bylaws or other written policy of the Board. Decisions made by the Executive Committee will be reported to the Board at the next regular meeting.
- 3.8.2. Composition: The Executive Committee shall be composed of the President, Vice President, Recording Secretary, Correspondence Secretary, Treasurer and the most recent available Past President. The Board President will serve as Chair of the Executive Committee.
- 3.8.3. Duties and Responsibilities of the Executive Committee:
- 3.8.3.1. Assists the President with the development of meeting agendas
- 3.8.3.2. Advises the President on matters related to the successful operation of the Foundation.
- 3.8.3.3. Monitors progress on the achievement of short and long-term goals.
- 3.8.3.4. Assists with the oversight of standing committees.
- 3.8.3.5. Works on special assignments or projects as directed by the Board
- 3.9. Removal. Any Trustee may be removed from the Board of Trustees by an affirmative vote of 2/3 of all Trustees. Notice of the proposed removal will be given to the Trustees with the notice of the meeting. The Trustee involved will be given an opportunity to be present and to be heard at the meeting at which his or her removal is considered. A Trustee may cease to serve upon tendering a resignation in writing to the president or secretary.
- 3.10. Compensation: No compensation will be paid to any member of the Board of Trustees for services as a member of the board. By resolution of the board reasonable expenses may be allowed for attendance at regular and special meetings of the board.

4. ARTICLE IV: Meetings of Board of Trustees

- 4.1. Annual Meetings: The annual meeting of the Board of Trustees for election of trustees to succeed those whose terms expire, and for the transaction of such other business as may properly come before the meeting, shall be held each year in Sonoma County at such time and place as may be specified in the notice of the meeting.

- 4.2. Meetings: Meetings of the Board of Trustees may be held at any place in Sonoma County and at any time whenever called by the president or a majority of trustees.
- 4.3. Notice of Meetings: Notice of time and place of any meetings of the Board of Trustees shall be given to all Foundation trustees and Club representative by the secretary or by the trustees calling the meeting, by mail, or by personal communication over the telephone or otherwise, at least seven (7) days prior to the date on which the meeting is to be held. Attendance of a trustee at any meeting shall constitute a waiver of notice of meeting, except where the trustee attends a meeting for the purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted nor the purpose of any meeting of the Board of Trustees need be specified in the notice or any waiver of notice of such meeting unless an amendment to the Bylaws or Articles of Incorporation is proposed, unless removal of a trustee or officer is proposed, or an election of a new trustee is proposed, in which case the notice shall include the substance of the proposed amendment or the identity of the person proposed to be removed or elected.
- 4.4. Quorum: A quorum at any meeting shall consist of a simple majority of the members of the Board of Trustees.
- 4.5. Transactions of the Board: Except as otherwise provided in the Articles of Incorporation, in these Bylaws, or by law, every act or decision done or made by a majority of the trustees present at a meeting duly held at which a quorum is present is the act of the Board, provided, however, that any meeting at which a quorum was initially present may continue to transact business notwithstanding the withdrawal of Trustees if any action taken is approved by at least a majority of the required quorum for such meeting or such greater number as is required by the law, the Articles, or these Bylaws.
- 4.6. Conduct of Meetings: The President, or in his or her absence, the Vice-President, shall preside at meetings of the Board of Trustees. The Secretary, or in his or her absence, any person appointed by the presiding officer, shall act as Secretary of the Board. Members of the Board may participate in a meeting through the use of a conference telephone or similar communications equipment, so long as all members participating in such a meeting can hear one another. Such participation shall constitute personal presence at the meeting.
- 4.7. Adjournment: A majority of the trustees whether or not a quorum is present, may adjourn any meeting to another time and place. If the meeting is to be adjourned for more than twenty-four (24) hours, notice of the adjournment and the call for a new meeting shall meet the requirements set forth in Article IV.3 "Notice of Meetings".

5. ARTICLE V: Actions by Written Consent

- 5.1. Written Consent: Any corporate action requiring or permitted by the Articles of Incorporation or Bylaws, or by laws of the State of California, to be taken at a

meeting of the Trustees of the Corporation, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Trustees entitled to vote with respect to the subject matter thereof. Such consent shall be filed with the minutes of the proceedings of the Board and shall have the same force and effect as a unanimous vote of such Trustees.

6. ARTICLE VI: Waiver of Notice

6.1. Waiver of Notice: Whenever any notice is required to be given to any trustee of the Corporation by the Articles of Incorporation or Bylaws, or by laws of the State of California, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice.

7. ARTICLE VII: Officers

7.1. Officers Enumerated: All officers must be trustees of the Corporation. The officers of the Corporation shall be a president, one or more vice-presidents, a secretary, a treasurer, and such other officers and assistant officers as may be deemed necessary by the Board of Trustees, each of whom shall be annually elected by the Board of Trustees, and shall serve until their successors are duly elected and qualified. The same person may hold any two or more offices except that the president may hold only one office. In addition to the powers and duties specified below, the officers shall have such powers and perform such duties as the Board of Trustees may prescribe from time to time.

7.1.1. The President: He or she shall exercise the usual executive powers pertaining to the office of president. He or she shall preside at meetings of the Board of Trustees and any committee exercising any authority of the Board.

7.1.2. The Vice-President: In the absence or disability of the president, the vice-president shall act as president.

7.1.3. Recording Secretary. It shall be the duty of the recording secretary to keep records of the proceedings of the Board of Trustees and when requested by the president to do so, to sign and execute with the president all deeds, bonds, contracts, and other obligations or instruments, in the name of the corporation. Specific duties include but are not limited to the following:

7.1.3.1. Record and distribute minutes of all meetings of the board.

7.1.3.2. Maintain a permanent file for all-important documents of the foundation including bylaws, contracts, memorandums of understanding, trustee terms and assignments, bequests, etc.

7.1.3.3. Assist the Board President with the development of technical documents such as MOU's and other documents such as brochures.

- 7.1.3.4. Monitor the foundation website for donations and needed updates. Notify the treasurer and corresponding secretary of on-line gifts for recording and acknowledgement purposes.
- 7.1.3.5. Receive and forward e-mails and other correspondence to appropriate officers and board members for appropriate action.
- 7.1.4. Corresponding Secretary. It shall be the duty of the corresponding secretary to acknowledge contributions to the foundation coordinate the donor recognitions program and ensure the club directory accurately reflects contributors by category. Specific duties include but are not limited to the following:
 - 7.1.4.1.1. Work closely with the treasurer and recording secretary to ensure that all contributions are acknowledged by letter or thank you card.
 - 7.1.4.1.2. Send an acknowledgement to the family of deceased individuals where memorial gifts are made including gifts to the Legends Fund. The acknowledgement will include the name of the donor but not the amount of the contribution.
 - 7.1.4.1.3. Maintain an inventory of donor recognition pins, bowls and other such items and coordinate the presentation of these items at club meetings.
 - 7.1.4.1.4. Work cooperatively with the treasurer and bookkeeper to ensure that the record of contributions (name, address and amount) is up-to-date and accurate.
 - 7.1.4.1.5. Work cooperatively with the chairs of special funds such as the Jamison Fund to be sure donors are properly acknowledged.
 - 7.1.4.1.6.
- 7.1.5. Treasurer: The Treasurer shall have the care and custody of and be responsible for all funds and investments of the Corporation and shall cause to be kept regular books of account. He or she shall cause to be deposited all funds and other valuable effects in the name of the Corporation in such depositories as may be designated by the Board of Trustees. In general, he or she shall perform all of the duty's incident to the office of treasurer.
- 7.2. Vacancies: Vacancies in any office arising from any cause may be filled by the Board of Trustees at any regular or special meeting.
- 7.3. Election: Elections of officers shall take place at the annual meeting of the Corporation. Elections of officers require an affirmative vote of 2/3 of all the Trustees present at the annual meeting.
- 7.4. Removal: Any officer elected or appointed may be removed by a vote of 2/3 of the Board of Trustees whenever in its judgment the best interests of the Corporation will be served thereby.
- 7.5. Resignation: Any officer may resign at any time on written notice to the

Corporation without prejudice to the rights, if any, of the Corporation, under any contract to which the officer is a party.

8. ARTICLE VIII: Administrative and Financial Provisions

- 8.1. Fiscal Year: The fiscal year of the Corporation shall end June 30.
- 8.2. Loans Prohibited: The Corporation shall make no loans to any officer or to any Trustee.
- 8.3. Authorized Authority: The Board of Trustees may authorize any officer or officers or agent or agents of the Corporation, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of, and on behalf of, the Corporation. Such authority may be general or confined to specific instances.
- 8.4. Books and Records: The Corporation shall keep current and complete books and records of account and shall keep written minutes of the proceedings of its Board of Trustees, and committees having any of the authority of the Board of Trustees. All books and records of the Corporation must be kept in either written form or in any other form capable of being converted into written form. They may be inspected by any trustee, or his or her agent or attorney, for any proper purpose at any reasonable time.
- 8.5. Amendment of Bylaws: These Bylaws may be altered, amended or repealed by the affirmative vote of 2/3 of the Board of Trustees at any annual or special meeting of the Board.
- 8.6. Rules of Procedure: The rules of procedure at meetings of the Board of Trustees of the Corporation shall be the rules contained in Roberts Rules of order on Parliamentary Procedure, newly revised, so far as applicable and when not inconsistent with these Bylaws, the Articles of Incorporation or with any resolution of the Board of Trustees.
- 8.7. Annual Report: The Board of Trustees shall produce an annual report not later than one hundred twenty (120) days after the close of the Corporation's fiscal year. The report shall contain all the information required by law, and it shall be made available for review by any trustee or other individual as required by law.
- 8.8. Distribution of Income and Donor Gifts:
 - 8.8.1. Unrestricted funds shall accrue to the corpus of the endowment and except as otherwise required by law, or as otherwise required for the Corporation to keep tax-exempt status under either federal or state law and shall be distributed pursuant to the Distributions Policy set by the Board of Trustees. All distributions shall be made by a 2/3rds majority decision of the Board of Trustees.
 - 8.8.2. All distributions of funds shall be restricted to either section 501 (C)(3) of

the Internal Revenue Code of 1986 charitable organizations, an accredited educational institution, or to either a public agency or the Rotary Club of Santa Rosa for specified charitable projects within the local community as designated by the Charitable Projects Committee and approved by the Board of the Corporation and the Rotary Club of Santa Rosa.

8.8.3. Subject to the approval of the Trustees, the Corporation may accept and distribute donor designated pass through funds or field of interest funds to qualifying charitable organizations as described in section 501 (C)(3) of the Internal Revenue Code of 1986, as amended, to an accredited educational institution, or to either a public agency or the Rotary Club of Santa Rosa for specified charitable projects within the local community. Donors may specify a particular field of interest or a specific charitable organization consistent with the established fields of interest and policies of the Corporation. Distributions of funds shall be made at the time and in the manner the donor so directs, and subject to acceptance by the Trustees so as not to disqualify the gift from deduction by the donor as a charitable contribution or cause an administration burden on the Foundation or its officers.

8.9. All donors designated and field of interest funds may be subject to an administrative fee as determined by the Trustees; such fee not to exceed ten percent (10%). Income earned on restricted funds held by the Foundation pending distribution shall remain the property of the Corporation and shall be added to the endowment corpus.

9. ARTICLE IX: Policy Guidelines

9.1. Policies and operating guidelines shall be established as deemed necessary by a vote of 2/3 of the Trustees. The President shall maintain policies under separate cover. Action contrary to established Policies shall require a 2/3 vote of the Trustees.