Rotary
Club of Redondo Beach
Community Foundation

ROTARY CLUB OF REDONDO BEACH COMMUNITY FOUNDATION OPERATING POLICY

Revision 6

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Jeff Weigel
Revised by Laurel Cameron

Rotary
Club of Redondo Beach
Community Foundation

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Rotary
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Purpose

The Rotary Club of Redondo Beach Community Foundation (Foundation) is a 501(c)(3) Public Charity. These policies define how the Foundation's Board of Directors intends to operate and establish the guidelines to manage the funds of the Foundation.

Scope

The policies defined in this document include:

- Management of operating, reserve, and endowment funds
- Budgeting
- Funds dispersal
- Contractual obligations
- Funds flows and unusual circumstances related to funds flows
- Fundraising
- Donor acknowledgments
- Quarterly internal review of disbursements
- Accounting policies
- Foundation Board of Director responsibilities.

Policies

Policy Modification

These policies may be modified, or in unusual circumstances overridden, by a simple majority of the Foundation's Board of Directors at any time.

Operating Funds and Reserve Funds

Operating Funds

Operating Funds, generated through fundraising for the purpose of enabling our charitable work, shall be held in a checking account, and disbursed upon the approval of a Payment Request.

Reserve Funds

The Foundation shall hold in reserve an amount equal to $20,000 in a Reserve Fund.
These funds are held to help make up for a potential fundraising shortfall. Reserve Funds shall be held in short term (six months or less) interest generating vehicles and/or a liquid banking account.

Unspent budgeted funds at the end of each year shall be used to make up for any shortfall in the Reserve Fund. Any Reserve Funds of more than $20,000 may be invested in the Endowment Fund.

Budgeting Procedure

By May 31 or earlier, the Foundation shall notify the Rotary Club of Redondo Beach (Club) of the amount of money raised in support of service projects for the upcoming Rotary year.

At the first Club Board of Directors meeting in July the Club Board of Directors is expected to approve a proposed Area of Service (AoS) charitable projects budget and submit it to the Foundation for approval.

The proposed balanced budget shall be by project within Area of Service and by President's Project. A line item for discretionary funds may be included in these Areas of Service:

- Community
- International
- Vocational
- Youth
- President's Discretionary Fund

The proposed budget must be balanced, no deficit is allowed.

The Foundation Board of Directors shall consider the proposed Club budget at their first Foundation Board of Directors meeting after receiving the Club Board of Directors proposed budget.

The proposed budget shall be evaluated based on its alignment with the Foundation Bylaws, Articles of Incorporation, Rotary Four Way Test, and Object of Rotary. It shall also be evaluated on clarity of the project descriptions, budget break out by Area of Service, by project, discretionary funds, or President's fund. Carry forward projects shall be clearly identified. The budgeted expenses shall balance with the amount of funds raised in support of service projects, as identified by the Foundation, funds carried forward and grant or partnership funds expected throughout the year.

Budget Carry Forward

In the event that, at the end of a Rotary year, the Club Board of Directors determines some budgeted project funds apply to viable projects that have not been completed, the Club Board of Directors may elect to recommend to the incoming Club Board of Directors (starting service on 1 July) that those projects and funds be carried forward in the next year's proposed budget. If the incoming CLUB Board of Directors chooses to honor these carry forward requests, and take responsibility for managing these programs, the newly constituted Club budget shall

include these funds, in separate project line items, in the proposed budget that they submit to the Foundation Board of Directors.

As the year progresses, if the Club Board of Directors judges that the carry forward project no longer is viable, these funds will revert to Foundation reserve funds and be subject to Foundation procedures.

Provisions for Dispersing Areas of Service Funds

General

Once the budget is approved, each Club area of service chair may submit payment requests to the Foundation. Any project requiring funding before the approval of the budget shall be handled by the Foundation Board of Directors on an individual approval basis.

Budgeted funds from grants or partnerships shall not be spent until funds are received.

When providing funds to another non-profit organization, a Rotary Charitable Organization Proposal Form must be completed by the Area of Service Club Board Director and presented for review by the Charitable Committee to provide feedback and recommendations to the Club Board.

Payment Request Form

Payment requests shall be made on-line using the Foundation Payment Request Form accessed from the Club Runner Foundation web page. Given that the payment request is filled out completely, falls within the scope and budget of the Area of Service and is identified with a line item in the approved budget and, given that all back-up documentation has been supplied to the Treasurer, a payment or bank transfer will be made as defined on the payment request form.

Copies of each Payment Request Form will automatically be sent to the Foundation Treasurer with copies to the rest of the Foundation Board of Directors as well as the Club President, Vice President, and President-Elect.

Follow this link to access the Payment Request Form
https://redondobeachrotary.org/page/rbrccf-payment-request/

An example of a completed Payment Request Form is shown in Exhibit 1.

Funding Other Non-Profits

To ensure proper due diligence of any organization soliciting our financial support, a Rotary Charitable Donation Proposal (RCOP) Form (front side) must be completed by the incoming applicable Club Board of Director and submitted to the Charitable Committee prior to any initial

financial commitment. The RCOP Form (backside) must be completed and forwarded to the Charitable Committee following each year funds have been awarded.

The purpose of the RCOP Form is to encourage members to seek out and propose worthy charities and projects, and to review the results of all funding commitments. The process will ensure a review of the proposed organization's financial stability, effectiveness, and reputation. It also provides full transparency to all Club members as to how their donations serve others.

The RCOP Form will be due to the Charitable Committee no later than May 1 of the current fiscal year, to allow 30 days to research and add recommendations prior to the incoming Club Board of Directors creating their budget in June for the upcoming fiscal year. In the case of a new charity being introduced after the start of the fiscal year, the RCOP Form forwarded to the Charitable Committee will be reviewed in an expeditious manner.

After three consecutive years of supporting an organization, the Charitable Committee will determine if the results warrant a break in funding for the following fiscal year. The Club Board of Directors may vote to continue to support the entity or accept any recommendation to hold back support for at least one year.

The Charitable Committee will provide an annual summary report on all charities supported during the previous year and present this information to all Club members no later than July 15.

An example of a completed RCOP Form is shown in Exhibit 2.

Reallocation of Budgeted Funds

As the year progresses, Area of Service Chairs may move fund allocations among currently defined projects if the new allocation is within the Area of Service budget and the Area of Service Committee has approved the change, and notified the Club President, or the Club Board of Directors has approved the change.

Addition or deletion of projects requires the approval of the Club Board of Directors. The Secretary of the Club communicate the change(s) to the Treasurer of the Foundation, defining where funds are coming from and going to.

As the year progresses, the Club Board of Directors may make a request to the Foundation that Area of Service Funds be reallocated among the five Areas of Service. If the Club Board of Directors has approved the reallocation request, and identified where the allocated funds are coming from, and where they are going to, and the reallocation maintains a balanced budget, the Secretary of the Club will communicate the change(s) to the Treasurer of the Foundation.

Check Signing Rules

All elected Foundation Board of Directors members shall have check signing privileges. The checkbook shall be controlled by the Treasurer, or in unusual circumstances, the Treasurer's designee.

Contractual Obligations

Foundation contractual obligations require the signature of the Foundation President or the President's designee. Contractual obligation related to fundraising requires the review of the Club President, or President-Elect prior to submittal for signature.

Endowment Fund Policy

Endowment Fund Goals

It is the goal of the Club Foundation to grow the Endowment Fund to a point at which the net investment income can make a significant impact on the total Club Foundation Area of Service Budget.

The Endowment Fund Valuation Threshold (EFVT) shall be set for a period of five years and shall be reviewed and re-established by the Club Foundation Board of Directors at the end of each five-year period. When the EFVT is met or exceeded distributions from the Endowment Fund may be considered, if needed.

The Endowment Portfolio's investments shall be managed consistent with the short-term and long-term financial goals of the Endowment Fund while providing flexibility to adjust for changes in capital market conditions.

Endowment Fund Investment Policy

The Treasurer, as lead of and in conjunction with the Finance Committee, shall propose an Endowment Investment Policy to the Club Foundation Board for its approval. The Finance Committee may propose to the Club Foundation Board changes to the Endowment Investment Policy at any time for its approval.

At a minimum of once a year the Finance Committee shall review this Endowment Investment Policy and propose changes or reaffirm its applicability and submit the result to the Club Foundation Board for its approval.

Endowment Fund Valuation Threshold

- EFVT = $1,000,000

Endowment Fund Distribution Policy

Distributions will not occur until the EFVT is met or exceeded.

When distributions are needed, the Endowment Fund shall make use of a total-return-based spending policy, meaning that it may fund distributions from value appreciation, interest and dividends exceeding the EFVT, not to exceed 2% of total Endowment Fund dollars.

Endowment Fund Portfolio Management

The Treasurer will be responsible for executing all trades based on the Endowment Fund Investment Procedures within the Foundation's Accounting Procedures document.

The Treasurer shall use incoming contributions or outgoing disbursements to realign the current weightings closer to the target asset allocation set by this Endowment Fund Investment Policy.

Asset Allocation percentages may vary plus or minus 5% from the target without the approval of the Foundation Board of Directors.

Purchases of shares of existing investments that meet the asset allocation percentage range do not require the approval of the Foundation Board of Directors.

Endowment Fund Investment Performance and Rebalancing

At least once a year the Treasurer shall measure investment performance of assets relative to benchmark indices and present this information to the Foundation Board of Directors.
At any time, the Treasurer may recommend changes to the investments and allocations. These changes must be reviewed and approved by the Finance Committee, or board approved investment consultant and then by the Foundation Board of Directors.

Rebalancing may include the acquisition of new assets.

Flow of Financial Information

At each Club Board of Directors meeting the Foundation shall provide a financial summary of funds disbursed against each budget line item and the overall status of performance to approved Area of Service budgets.

At each Foundation Board of Directors meeting a report on performance to the charitable budget will be presented, the Club President is invited to report on projected future changes to the budget.

Special Circumstances

The normal operating procedure is that the Club recommends a list of projects to be funded that is less than or equal to the funds raised in the Foundation for the upcoming year. If, because of unusual circumstances, the Club's Board of Directors elects to request funds in excess of the funds raised, approval will require the consent of the Foundation's Board of

Directors. In doing so the Foundation Board of Directors shall look at both the compelling need for funding and the measures put in place to remedy the deficit.

Unusual circumstances may include an unanticipated fund-raising short fall, or a short-term compelling need, or both.

Foundation as a Conduit

If a donor expresses a desire to have the Foundation work as a conduit for a tax-free donation to a worthy cause, and the donation is $1,000 or greater, the Foundation may elect to accept the donation. To do so the Foundation Board of Directors shall determine that the purpose is clearly defined, results can be documented, the project falls within the purpose of the Foundation and the Club Board of Directors is aware of the project. Given these conditions are met and Foundation elects to accept the project, it shall operate in a pass-through mode, acknowledging the donation to our tax-exempt Foundation and handling funds at no cost to the donor.

Targeted Fund Raising

If the Club determines that there is a charitable need where raising funds outside of the current budget of the Club is desirable, the Club President shall make a request to the Foundation to sponsor a targeted appeal.

The Club shall define the need and prepare the fundraising materials and a budget. The Club shall provide donor friendly ways to make donations, track progress and disperse funds as defined by the project.

Donation Acknowledgements

Within two weeks following a donation to the Foundation an acknowledgement communication shall be sent to the donor acknowledging the contribution, thanking the donor, and noting the Foundation's 501(c)(3) status. The Treasurer shall notify the Secretary of all donations received. The Secretary is responsible for the communications being sent in a timely manner.

Quarterly Internal Review of Disbursements and Transfers

To ensure that bookkeeping procedures are followed, and that the documentation of disbursements is accurate and complete and to ensure that funds are being used for appropriate purposes, the Foundation President, and one other Board member will perform a review of disbursements with the assistance of the Treasurer.

Using the Bank Statements as a source document each disbursement will be reviewed to determine that the disbursement is supported by one or more of the following:

- A Foundation Payment Request

- A Vendor Invoice
- A Vendor Signed Contract
- Or another initiating document

Using the Bank Statements as a source document all transfers will be reviewed to ensure that funds were disbursed and received between the Foundation accounts.

A report of the review results will be submitted to the Board of Directors at the meeting following the Internal Review by the President.

Accounting Policies

Bank Reconciliation

To increase the security and transparency of the assets of the Foundation, the Foundation will engage a bookkeeper.

The Bookkeeper will:

- Perform the monthly reconciliation of all bank accounts
- Review the monthly brokerage statement and prepare and post the journal entries for changes in value
- Notify the Treasurer if there and any observed issues or potentially mis-identified transactions
- Prepare annual 1099's.

Preparation of Annual Tax and information filings

The Foundation will engage a CPA firm to perform the following:

- Prepare the year end Federal Tax Return (form 990)
- Prepare the State of California information filings (form 199, form SI-100).

Reports

The following reports will be prepared and distributed regularly by the Treasurer:

Report Name	Report Source	Report Frequency
Balance Sheet	QuickBooks	Monthly
Income Statement	QuickBooks	Monthly
Community Service Budget vs. Actuals	QuickBooks	Monthly
International Service Budget vs Actuals	QuickBooks	Monthly

Vocational Service Budget vs. Actuals	QuickBooks	Monthly
Youth Service Budget vs. Actuals	QuickBooks	Monthly
President's Discretionary Fund	QuickBooks	Monthly

Accounting Procedures

The Foundation shall document and maintain a written set of Accounting Procedures as a separate document.

Foundation Board of Directors Responsibilities

Voting Directors General Responsibilities

Attend Board of Directors meetings, in person, or by electronic link
Review payment requests and notify the Board of Directors if something looks out of line.
Be available to vote on issues put before the Board of Directors, either in person or by email
Review and approve Board of Directors meeting minutes.
Manage special tasks that are from time to time assigned.

President

Set Board of Directors meeting dates and agenda
Facilitate Board of Directors meetings
Consistent with its Bylaws and Articles of Incorporation, manage the activities of the Foundation
Manage the Foundation Operating Policies
Report Foundation status to the Board of Directors of the Club
Schedule and facilitate the Quarterly Internal Review of Disbursements and Transfers and report the results to the Board of Directors
Work with other Board of Directors members to track progress and assist in meeting responsibilities
Provide an Annual Report
Initiate strategic direction and discussions for the success and financial health of the organization.

Secretary

Document Board of Directors Meetings
Send out announcement and agenda.
Publish minutes.
Maintain, update, and post to web site Foundation Documents:

- Articles of Incorporation
- By-Laws
- W-9 forms

- IRS Determination Letters
- Board of Directors Meeting Minutes
- Financial Statements
- Operating Policies
- Accounting Procedures
- Compensation Policy
- Conflict of Interest Policy
- Record Retention Policy
- Whistle Blower Policy
- Diversity, Equity, and Inclusion Statement & Anti-Discrimination Policy
- Annual Report
- Each year send the Conflict of Interest Policy to all Foundation Board Members for their review and report of any conflict of interest
- Send each new Foundation Board member all Foundation Governance Documents for review
- Manage Foundation Correspondence
- State Statement of Information form SI-100
- 501 (c)(3) donation thank-you correspondence.

Treasurer

Maintain Foundation bank account and check book
Manage deposits and payments
Receive and review Payment Requests to ensure they are complete and within area of service budgets
Log and manage Payment Requests, acknowledging their payment
Provide month end statements for the Bookkeeper to reconcile the accounts and prepare journal entries for investment accounts
Provide monthly budget statements to be incorporated into Foundation reports to the Club Board of Directors
Shall work with the CPA firm designated by the Foundation to prepare and submit State and Federal filings
Provide monthly financial statements to the Foundation Board of Directors
Serve as Lead of the Finance Committee, responsible for the management of the Endowment Investment Policy
Manage and measure Endowment Fund portfolio trades consistent with this policy.

Finance Committee

Led by the Treasurer, the purpose of the Finance Committee is to review and maintain financial policy documentation related to the management of Foundation general funds, reserve funds and endowment funds, and to help develop a strategy to grow the Endowment Funds.

Ad Hoc Committees

The Foundation Board may form Ad Hoc Committees for responsibilities and projects not previously covered.

- Such as a review of Foundation Governance Documents to assure that they are current. If in this review it is found that any of the governance documents require an update, that modification shall be proposed to the full board for their action.

Ad Hoc Assignments

Ad Hoc tasks assigned to Board of Directors members shall include but not be limited to:

Manage Foundation GuideStar listing, Benevity Causes Portal and other public rating service listings

Manage donation programs

Edit and update Foundation Club Runner and/or Auctria information.

Exhibits

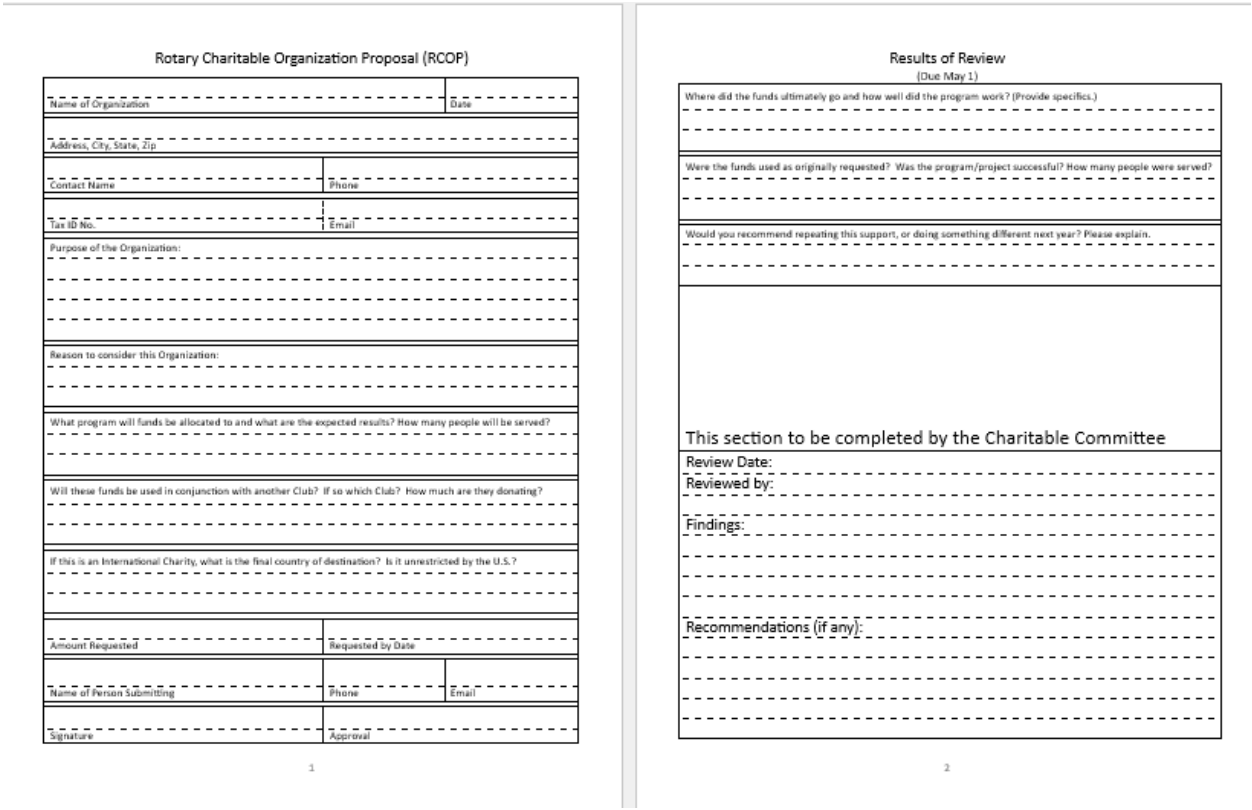
Exhibit 1: Foundation Payment Request Form

The form may be accessed by following this link:
https://redondobeachrotary.org/page/rbrccf-payment-request/

Email address	nbw222@gmail.com
Date of Request	Apr 30, 2020
Requested By:	Nancy Weisel
Check to be made payable to:	Redondo Beach Police Department
Purpose (as noted on the check). TEXT ONLY - NO PUNCTUATION MARKS	Domestic violence
Budget Line Item (to be debited)	RBPD Domestic Violence Program
Amount (Total):	500.00
Mail to (Street Address):	Redondo Beach Police Department 401 Diamond St.
Mail to (City):	Redondo Beach
Mail to (State):	CA
Mail To (Zip Code):	90277
Delivery	Paid in Full? (YES)
ITEMS INCLUDED IN REQUEST	
ITEM 1 Description:	RBPD Domestic Violence Program
ITEM 1 Purpose:	Support the local police department
ITEM 1 Amount:	500.00
APPLICATION	
	Community Service (CHECK ONE)

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Exhibit 2: Rotary Charitable Organization Approval Form



Rotary Charitable Organization Proposal (RCOP)

Name of Organization	Date
Address, City, State, Zip	
Contact Name	Phone
Tax ID No.	Email
Purpose of the Organization:	
Reason to consider this Organization:	
What program will funds be allocated to and what are the expected results? How many people will be served?	
Will these funds be used in conjunction with another Club? If so which Club? How much are they donating?	
If this is an International Charity, what is the final country of destination? Is it unrestricted by the U.S.?	
Amount Requested	Requested by Date
Name of Person Submitting	Phone / Email
Signature	Approval

1

Results of Review
(Due May 1)

Where did the funds ultimately go and how well did the program work? (Provide specifics.)
Were the funds used as originally requested? Was the program/project successful? How many people were served?
Would you recommend repeating this support, or doing something different next year? Please explain.
This section to be completed by the Charitable Committee
Review Date:
Reviewed by:
Findings:
Recommendations (if any):

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