

# **CUPERTINO ROTARY ENDOWMENT FOUNDATION MANUAL**

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# CUPERTINO ROTARY ENDOWMENT FOUNDATION

## POLICIES & PROCEDURES

*Revised April 15, 2026*

### 100 POLICIES AND PROCEDURES

#### 101 THE PERMANENT FUND ("The Corpus")

##### 101.1 CRITERIA FOR ACCEPTANCE OF GIFTS OR CONTRIBUTIONS TO THE PERMANENT FUND

**POLICY** - There shall be criteria for acceptance of gifts or contributions to the Permanent Fund. This provision shall not be construed to limit Memorial Funds or Living Legacy Funds named for an individual or corporate entity.

Within a reasonable time after accepting an asset, this corporation shall make and carry out decisions concerning the retention or disposition of the assets or to rebalance a portfolio, in order to bring the concerned fund into compliance with the purposes, terms, and distribution requirements of this corporation and as necessary to meet other circumstances of this corporation and these policies. What is a reasonable time depends on many circumstances but ordinarily, the time to decide on assets which have a ready market value such as publicly traded stocks and bonds will be quite short, while the time to decide on non-liquid assets such as real estate, closely held stocks, or collectibles will be longer.

##### **PROCEDURES**

1. Contributions must be made to the Cupertino Rotary Endowment Foundation and cannot be earmarked for donation to a particular person.
2. The Permanent Fund shall consist of a general-purpose fund and may include restricted funds such as Memorial and Living Legacy Funds. (See Section 400 for policies regarding these funds.)
3. The Permanent Fund shall not include funds held by CREF as unrestricted funds or temporarily restricted funds. Unrestricted funds are gifts given to CREF that do not reference a permanent concept. Temporarily restricted funds are those funds obtained by CREF through fund raising projects that are intended for a specific charitable purpose.
4. CREF has created policies for the contribution of restricted funds. (See Section 400.) These funds shall be held and invested in the Permanent Fund, the earnings of which shall be distributed as specified by the terms of the specific fund, or in the absence of directions from the donor(s) of the fund, by the CREF Board of Directors. After the restricted fund has been created, the CREF Board of Directors may consider the wishes of any living donors to the restricted fund regarding distributions but shall not be legally required to do so.
5. Gifts of assets such as cash, bonds, and equities are ordinarily accepted.
6. Equities and bonds shall be sold within 30 days of receipt and deposited into the Permanent Fund.
7. The CREF Board will take the acceptance of other proposed gifts, such as real property, into consideration.

8. The CREF Board, at its discretion, may appoint a committee or a CREF standing committee to review and recommend acceptance or non-acceptance of proposed gifts.
9. The CREF Board will provide an acknowledgement letter for all contributions of \$250 or more in accordance with tax law. This letter is to be signed by the CREF President or Treasurer.
10. Donations to CREF of less than \$250 may be recognized through an acknowledgement letter sent by the CREF Treasurer or their designee.
11. The CREF Board will review gifts/assets and disbursement criteria of the Permanent Fund on an annual basis.
12. Donors to CREF may, from time to time, wish to purchase a charitable gift annuity (CGA) with CREF as the beneficiary.

Under California law, CGA's can only be issued by organizations that have been approved by the State of California. CREF is not an authorized issuer, and it is not feasible for it to become one. Therefore, if a donor wishes to obtain a CGA and also benefit CREF, the issuer must insert in its CGA contract a provision that CREF will receive some or all of the remainder.

13. If a donation made out to CREF is received with no indication of what it is intended for and there is no donor contact information or the donor cannot be reached or does not respond, the donation will be treated as intended for the Permanent Fund.

## 101.2 DONOR RECOGNITION

**POLICY** - The CREF Treasurer, or designee, will keep ongoing cumulative records of donations given, per donor, to the Permanent Fund.

### PROCEDURES

1. Donors shall be considered an Endowment Fellow and recognized upon reaching levels of cumulative donations. Each new Endowment Fellow shall receive a CREF Endowment Fellow Certificate along with a letter of appreciation.
2. Donors will also have their names added to the online recognition page in ClubRunner.
3. The following levels of accumulated donations will be recognized:

Gold	\$100,000	Ruby	\$ 5000
Palladium	\$ 50,000	Jade	\$ 2500
Platinum	\$ 25,000	Sapphire	\$ 1000
Diamond	\$ 10,000		

4. All initial gifts of \$1,000 or more will be recognized with an Endowment Fellow Certificate and Gazebo Pin.

### 101.3 DISBURSEMENT OF EARNINGS

**POLICY** - Annually the CREF Board will review earnings from the Permanent Fund to determine funds available for charitable giving.

#### **PROCEDURES**

1. At its February meeting, the CREF Board will determine the amount of funds it will make available for charitable giving for the next Rotary year and deliver a report with that information to the Club Board. In determining the amount of funds available, CREF will take into consideration maintaining adequate reserves, the Permanent Fund's Historical Dollar Value (HDV), CREF's annual operating costs, and any requirements on distributions made by the terms of any restricted fund. The CREF Treasurer will notify the Club Board of the CREF Board's decision. The relationship manager assigned to a restricted fund will notify the sponsor of the restricted fund of the CREF Board's decision.
  - a. The notice to the Club Board will provide the breakdown of unrestricted and restricted charitable funds. Each restricted fund is to be assigned to an Avenue of Service or to the Club Board and may include the Sponsor's directions for allocation of their funds to a specific charitable project with that Avenue.
  - b. The notice to each sponsor of a Restricted Fund shall include the allocation for their fund for the next Rotary year and the beginning and ending balance in their fund for the latest calendar year. A Restricted Fund may designate a part of their distribution to TRF annually, provided it doesn't exceed \$1000.
  - c. It shall be the policy of CREF to include TRF donations in the annual distribution from the Permanent Fund. The distribution of the Permanent Fund earnings shall be divided proportionately among all funds based on the Historic Dollar Value (HDV) of each Restricted Fund compared to the total HDD in the Permanent Fund. The TRF donations shall be part of the distributions associated with the Restricted Funds that specify them.
2. It is the intent of CREF that charitable distributions from the Permanent Fund earnings will be made only to charities that have been recommended by the Rotary Club of Cupertino. However, the CREF Board is not legally required to follow any recommendations of the Rotary Club of Cupertino. In the event the amount allocated to charitable projects selected by the Rotary Club of Cupertino is not fully expended, that allocation shall be cancelled and be subject to future reallocation.
3. The annual amount available for charitable distribution from the Permanent Fund will normally be approximately equal to 3 - 5% of the total value of the Permanent Fund average over the last three years, as valued on the last day of December preceding the distribution, but in no event shall the distribution exceed 7% of the total value of the Permanent Fund. See the distribution policy in section 300.
4. This corporation is aware of the fact the Uniform Prudent Management of Institutional Funds Act (UPMIFA) provides that the expenditure of more than seven percent (7%) of the fair market value of an endowment fund, calculated on the basis of market values determined at least quarterly and averaged over a period of not less than three years before the year in which the expenditure is made, is presumed to be imprudent. Therefore, no such expenditure shall be made unless the Board makes a specific written finding, following consultation with legal counsel, that the conditions

described in this policy and in UPMIFA have been reviewed and that the Board finds such expenditure is prudent under such conditions.

5. The CREF Board shall maintain records as to the Historic Dollar Value (HDV) of the Permanent Fund and no distribution shall be made which reduces the Permanent Fund below its Historic Dollar Value, unless there is specific CREF Board approval.
6. Charitable Giving Funds for CREF Restricted Funds will be calculated as follows: divide the total of the Restricted Fund by the total of the Historic Dollar Value of the Permanent Fund as of December 31. Take the percent arrived at and multiply it by the annual funds made available for Charitable Giving by the CREF Board from Permanent Fund. (See 101.3 Procedure 1c above)

## **102 CREF SPONSORSHIP OF FUNDRAISERS**

### **102.1 SPONSOR POLICY**

**POLICY** - The Board of Directors of the Rotary Club of Cupertino may, from time to time, request that CREF act as a sponsor of certain fundraising events or accept donations. The Club, through its Club Fund Development Officer or President, will make a request by submitting CREF Form 2 "Sponsor a Fundraiser." Fundraisers shall be for at least \$10,000. A Fundraiser not intended to be an annual ongoing fundraiser shall be for a defined period of time and in no event will last more than one year. Funds raised for a one-time event, and not distributed within five (5) years of the date of approval, will be placed into the general Charitable Giving Fund or the Permanent Fund as determined by the CREF Board.

#### **PROCEDURES**

1. The CREF Board shall consider such requests and shall, in its sole discretion, decide whether to approve such requests.
2. If a fundraiser is for a specific charity (or charities), the net proceeds from any such event shall be distributed to that charity (or charities) that is (are) the stated beneficiary(ies) of such event.
3. If CREF sponsors a fundraising event in which no charity is named as beneficiary, the CREF Board will take into consideration requests by the Club Board of Directors for the expenditure of the net proceeds of such event, provided that, the CREF Board shall be under no obligation to honor such request.
4. If donations are intended to pass through to a 501(c)(3), CREF will normally direct such donations be made directly to the 501(c)(3) organizations.
5. Annual ongoing Club Fundraising Events of \$10,000 or more, once approved, shall continue to be considered approved for CREF sponsorship unless the CREF Board or Cupertino Rotary Club Board request in writing that CREF sponsorship of an event be discontinued.
6. All Fundraisers shall have a Fundraiser Chair and Fundraiser Treasurer agreed to by CREF.
  - a. The Fundraiser Chair will be responsible for the fundraiser. If the fundraiser is for a specific charity or charities, CREF will assure funds are used for the charitable cause identified in the fundraising request. (See Section 102.4 for "Pass through Funds".)
  - b. The Fundraiser Treasurer will keep records of all sources of income and expenses for the event.

- c. The Fundraiser Chair will be responsible for determining the value of goods and services given, e.g. the value of dinner, golf round, prizes, etc. The determined value is to be given to the CREF Treasurer for the purpose of sending required IRS letters for donations of \$250 or more.
  - d. The Fundraiser Treasurer will keep a written record of all non-cash donations including auction items, advertisements, professional services, etc.
  - e. If the fundraiser will have a raffle, specific forms need to be filed with the state and authorization obtained. The Fundraiser Chair will be responsible for ensuring all required authorizations are in place prior to the event. The California Attorney General’s website has a pdf file titled "Raffle Registration Checklist", which provides a thorough description of the requirements and links to required forms.
7. All material used for a fundraiser such as advertising, flyers, brochures, tickets, invitations, and letters shall show CREF as the “*Sponsor*” of the Fundraiser and/or is a “*Project of CREF.*” Copies of all materials shall be kept in a Fundraiser event file and the Fundraiser Chair shall give a copy to the CREF Administrator in hard or soft copy.

**Required wording for all donor literature is:**

**Alternative 1**

"This \_\_\_\_\_ (e.g. Golf Tournament) is a project of CREF  
 (Cupertino Rotary Endowment Foundation, a 501(c)(3), Tax ID 77-0288042)  
 to raise funds for charitable purposes of the Rotary Club of Cupertino.  
 Make checks payable to CREF (Attn: \_\_\_\_\_(e.g. Golf Tournament),  
 P. O. Box 1101, Cupertino, CA 95015-0983).

**OR**

**Alternative 2**

"This \_\_\_\_\_ (e.g. Golf Tournament) is sponsored by CREF  
 (Cupertino Rotary Endowment Foundation, a 501(c)(3), Tax ID 77-0288042)  
 to raise funds for charitable purposes of the Rotary Club of Cupertino.)  
 Make checks payable to CREF ( Attn: \_\_\_\_\_(e.g. Golf Tournament),  
 P. O. Box 1101, Cupertino, CA 95015-0983).

- 8. The approved Request for Sponsorship of a Fundraiser will be signed by the CREF President and CREF Administrator.
- 9. Unused merchandise shall be returned for credit whenever possible. Any remaining merchandise that cannot be returned may be sold to individuals or to the Rotary Club for use in Club events. Value of the merchandise sold shall be determined by the Fundraising Chair and Treasurer of the event.

## **102.2 RECEIPT OF CLUB SPONSORSHIP FUNDS**

**POLICY** - Club Sponsorship Account payments to CREF will be accepted by the CREF Accountant or designee from the Fundraiser Chair or Fundraiser Treasurer, and only for sponsored events or sponsored donations. Donations given to sponsor an approved fundraising event are considered income to the event and are deposited into the Charitable Giving Account, unless otherwise specified in writing by the donor. The CREF Treasurer will maintain records of donor directed funds and will submit to the Finance Committee a monthly report on balances of directed funds.

### **PROCEDURES**

1. Checks for sponsored events or sponsored donations should be made payable to CREF.
2. The Fundraiser Treasurer will be responsible for the collection of all funds received including checks, cash, and credit card charges.
3. The CREF Accountant will keep all records of these funds.
4. Fundraiser Records are to include funds received for sales, sponsorships, in kind gifts, prizes, auction items, advertisement, professional services, etc. After all checks, cash, credit card charges, and other methods of payment are recorded and accounted for they will be given to the CREF Accountant for deposit.
5. Cash receipts shall be monitored and verified by at least two Rotary designees. Written verifications of cash received will be submitted to the CREF Accountant to be kept with CREF records.
6. The CREF Accountant will provide an acknowledgement to the donor for all contributions of \$250 or more in accordance with tax law. This letter will segregate any portion of the donation used for non-charitable purposes where the donor received goods or services; such as dinner, green fees, etc.
7. The CREF Treasurer will provide to the donor an acknowledgement letter for non-cash donations without assigning a value.
8. All donor-designated gifts will be applied to the purposes specified by the donor. Donor designated funds must be distributed within five (5) years of receipt. After five years the CREF Board may, at its discretion, add the unspent funds to the general charitable giving account.

## **102.3 ACCOUNTING OF SPONSORED FUNDRAISERS**

**POLICY** - The CREF Treasurer, or designee, will maintain independent "Club Charitable Giving Accounts" and will track Designated Funds.

### **PROCEDURES**

1. The CREF Treasurer will provide balance and transaction information on the Club Charitable Giving Accounts to the Club Finance Committee.
2. The Club CFO will be allowed read only access to CREF books to track income and expenses of club sponsored fundraisers and track disbursements from the Charitable Giving Accounts.
3. The CREF Treasurer will provide audit and tax information to audit and tax authorities and shall be responsible for ensuring all required tax returns are filed.

4. The CREF Treasurer, or designee, will maintain records with balances of donor directed funds.

#### **102.4 PASS-THROUGH FUNDS**

**POLICY** - It is the policy of CREF not to accept "Pass-Through Funds." "Pass-Through Funds", as used in this policy, refer to contributions by a donor to CREF directed to nonprofit organizations which are not part of a specific fundraising effort by CREF or the Rotary Club of Cupertino.

##### **PROCEDURES**

1. This policy may be revised on a case-by-case review of the facts of the situation by the CREF Board of Directors where the CREF Board determines that: (a) the pass-through organization is a charity and (b) the donation is for an approved Rotary Club of Cupertino charitable project.
2. If the recipient of these funds is not a 501 (c)(3) public charity, CREF will need to exercise expenditure responsibility of these funds. The CREF President shall oversee the exercise of expenditure responsibility.
3. As part of specific fundraising efforts by CREF or the Rotary Club of Cupertino, other charities may be named as intended recipients and, in that event, contributions may be designated for those recipients without violating the pass-through policy.

#### **102.5 PAYMENT OF FUNDRAISING EXPENSES**

**POLICY** - The CREF Accountant or CREF Treasurer may write checks for expenses associated with a fundraising event only if the event has been approved on CREF Form 2 "Sponsor A Fundraiser."

##### **PROCEDURES**

1. The CREF Administrator will be responsible for maintaining a current list of CREF Board approved Fundraising events and provide a copy to the CREF Treasurer.
2. Fundraising expense reimbursement requests will be accepted by the CREF Treasurer or designee from the Event Chair only for sponsored events, using CREF Form 3 "Check Request." If the Check Request is from the Chair of the event, the Co-Chair must sign the Request.
3. Charitable, fundraising, and administrative expenses of running a fundraising event are required expenses and considered operating expenses of CREF.
4. The CREF Accountant or CREF Treasurer will issue checks from the Charitable Giving Account for fundraising expenses using CREF Form 3 "Check Request."

#### **102.6 DISTRIBUTION OF UNUSED AND UNALLOCATED FUNDS AT YEAR'S END**

**POLICY** - CREF will report to the Club Board twice a year as to unused and unallocated funds.

##### **PROCEDURES**

1. Each July CREF will present to the Club Board a calculation of the last fiscal year AOS spending against budget. (Refer to Grants Fundraisers worksheet).
2. When the CREF Accountant closes the books on a Rotary year, CREF will prepare a Balance Sheet calculation to determine if there are any unusually large sums of uncommitted funds. This information

will be communicated to the Club Board. The Club Board is to report back to the CREF Board if any unallocated funds are to be moved into the Multiyear fund or Permanent Fund.

## **102.7 DISBURSEMENT OF EARNINGS FROM THE CHARITABLE GIVING INVESTMENT FUNDS**

**POLICY** - Earnings on charitable giving funds are not specifically distributed, but they are included as part of the charitable funds available to spend during the charitable giving budget development process.

## **103 ADMINISTRATION**

### **103.1 GRANT GUIDELINES, GRANT CHECK REQUESTS, AND APPROVAL FOR ONGOING GRANTS**

#### **103.1a GRANT GUIDELINES**

**POLICY** - Grants from the Charitable Giving Account will be made to approved Cupertino Rotary Charitable projects.

#### **PROCEDURES**

1. All requests for Grants from the Club Board or AOS Committee are to be made on CREF Form 1 "Request For Grant of Funds" which is to include a written approved Project Proposal Form.
2. The request and approval are to be made by the designated AOS Chair, Board Designated Committee Chair, or Club President. This approval may be electronic.
3. With the exception of the WCS Committee, Grants shall be made for the current fiscal year only and shall not commit CREF to future years, unless "approved" by the CREF Board.
4. CREF will review applications in a timely manner and approve or disapprove the grant request.
5. CREF may make suggestions for modifications of the grant request.
6. If the payee is a verified 501(c)(3), non-tax payee such as a school or City, or Rotary District 5170 for the purchase of District Designated Funds (DDF) for an approved TRF Global Grant, the CREF President or Vice President may approve and sign the grant.

For all other grants, the CREF Board must approve the grant which then must be signed by the CREF Administrator or CREF Secretary.

7. If a Grant (Project) will require checks be written to a taxable entity such as an individual, the Grant Request, CREF Form 1, shall name a Rotarian who will act as the Rotarian champion/Project Manager. The Grant is to have a project description, its charitable purpose (who will be the recipient), length of time of the project, and anticipated number of Rotarians who will participate in the project. The Project Manager will be responsible for the overseeing of the project and assure all funds are used for the approved charitable purpose.
8. The CREF Administrator (or designee) will be responsible for maintaining an ongoing current list of approved grants and post a copy on ClubRunner©.

### **103.1b GRANT CHECK REQUESTS**

**POLICY** - The Club, through its Board or AOS committees, will advise CREF as to the disbursement of Approved Grants and Fundraising Net Proceeds.

#### **PROCEDURES**

1. Requests for disbursement of approved Grants or Fundraising expenses shall be made on CREF Form 3 "Check Request." The form 3 is to be approved by the designated committee chair for a charitable project or grant, the fundraising chair for a fundraising expense, or the CREF president for a CREF expense. (If the chair/CREF president is unavailable, the Co-Chair/CREF VP may sign.) In the event the chair/CREF president is the requester of Funds the Co-Chair/CREF VP must sign the Check Request. Note that each form 3 has three signatures: the requestor, the approver, and the processor. Refer to the instructions at the top of form 3 for the details.
2. Checks may only be written if the Grant/Project/Fundraiser is on the current list of approved Grants/Projects provided by the CREF Administrator.
3. The Club President at the beginning of each Rotary year will advise CREF, in writing, who is authorized to sign Grant Requests and Check Requests for disbursement of funds from the Club Charitable Giving Accounts.
4. In regards to charitable giving, the CREF Accountant or CREF Treasurer is authorized to write checks upon receipt of CREF Form 3 "Check Request" provided there has been a previous CREF Board approval for "Request for Grant of Funds" CREF Form 1.
5. In regards to fundraisers, The CREF Accountant or CREF Treasurer is authorized to write checks upon receipt of CREF Form 3 "Check Request" provided there has been a previous CREF Board approval for "Request for CREF Fundraiser Sponsorship" CREF Form 2.
6. When a request is made for a cash advance, it must meet the same conditions as provided for in procedures 4 and 5 above, and in addition, the person receiving the advance must provide detailed documentation of the expenditures. For Grants, Projects, and Fundraisers procedure 2 must also be met.
7. CREF, in making its distributions, will be guided by its legal and fiduciary responsibilities and by IRS requirements.
8. Both the Club and CREF anticipate that CREF will follow the advice of the Club, but both organizations understand that CREF has no legal obligation to follow such advice.
9. If the advice of the Club cannot be followed, CREF will seek additional advice from the Club as to distributions.

### **103.1c APPROVAL FOR ONGOING GRANTS**

**POLICY** - At the end of each Rotary year, on or before the Club Board's first meeting of the new Rotary Year, the CREF Administrator will submit to the Club Board and each AOS, in writing, the list of CREF approved Grants/Projects from the previous Rotary year.

For any grant that is a repeat of a grant from the prior year, with the same payee and the same purpose, neither a Project Proposal Form nor a Form 1 is needed. The dollar amount of a repeat grant may vary

from the prior year without new documents being required. If the payee is the same, but the purpose of the grant is different, then both a Form 1 and a Project Proposal Form are needed.

### **103.2 INVESTMENT POLICY (See Section 300)**

**POLICY** - The CREF Board shall have an investment policy, which shall be reviewed annually. Investments should be appropriate to the stated goals and risk tolerance as stated in the Investment Policy. Because some of the funds may be invested over differing time horizons and with differing risk tolerances, Section 300 may contain multiple Investment Policy Statements (IPS) as appropriate.

#### **PROCEDURES**

1. The CREF Board may engage an investment consultant to manage the investments at the direction of the CREF Board and consistent with the Investment Policy. (See Section 300.)
2. The Board shall make such adjustments to its investment policies and/or its investment manager from time-to-time as is deemed necessary.

### **103.3 INVESTMENT ACCOUNT SIGNING AUTHORITY**

**POLICY** - Any two of the four officers of the CREF Board of Directors (President, Vice President, Secretary or Treasurer) are authorized to sign Investment Account documents provided it is in accordance with the approved IPS, or in accordance with CREF P & P, or specific prior CREF Board approval. The Investment Chair may also be authorized to sign Investment Policy documents if the Investment Committee Chair is also a member of the CREF Board.

**POLICY** – The Chair of the Investment Committee acts as the primary contact with the Investment Agent/Financial Advisor (Currently Morgan Stanley) provided the Investment Committee Chair consults with the CREF board prior to giving direction to the Investment Agent.

### **103.4 BANK ACCOUNTS**

**POLICY** - The CREF Treasurer is authorized to open accounts, as approved by the Board of Directors.

Any check that has not been cashed within three months of the date written shall be considered a stale check and voided.

### **103.5 CHECKING ACCOUNT BALANCE**

**POLICY** - The amount normally kept in CREF checking and money market accounts shall be determined by the CREF Treasurer, based on anticipated cash flow requirements.

### **103.6 CHECK SIGNING AUTHORIZATION**

**POLICY** - Four (4) Officers of the CREF Board of Directors (President, Vice President, Secretary and Treasurer) shall be authorized to sign checks from the Charitable Giving Accounts.

#### **PROCEDURES**

1. Only one (1) signature of the four (4) authorized is required for amounts under \$1000.

2. Any two (2) signatures of the four (4) authorized are required for checks of \$1,000 or more.
3. All Check Requests shall be made with CREF Form 3 "Check Request."

### **103.7 AUDITS**

**POLICY** - CREF will secure the services of a CPA to perform an annual audit, to ensure compliance with proper accounting procedures.

### **103.8 ADMINISTRATOR**

**POLICY** - The position of Administrator is to be filled by appointment by the President and approved by the Board. The Administrator shall be a voting member of the Board.

### **103.9 RECORD KEEPING AND RETENTION – SECRETARY & ADMINISTRATOR**

**POLICY** - Appropriate record keeping of all relevant governance and operating documents will be maintained.

#### **PROCEDURES**

1. The CREF Secretary shall post agendas and minutes for the present Rotary year on ClubRunner®.
2. All other relevant materials shall be given to the CREF administrator for record keeping.
3. The CREF Administrator shall keep the following records for seven years unless otherwise specified:
  - a. Copies of all relevant materials presented at Board meetings.
  - b. Quarterly reports presented to CREF's Investment Committee.
  - c. Copies of all Governance documents (e.g. Bylaws, Policies and Procedures.)
  - d. Copies of Governing correspondence for at least the last five years.
  - e. List of Members of the Legacy Society and signed agreements of Planned Gifts for as long as the agreement is valid.
  - f. Elected Directors Terms of Office.
  - g. Copies of Approved Grants and Fundraising Events.
  - h. Memorial Fund and Living Legacy Fund Gift Agreements, for as long as the agreement is valid.
  - i. Copies of signed Conflict of Interest Agreements by Board Members.
  - j. Records of the election of Directors and terms served.
  - k. Historical documents and other pertinent CREF items.
4. The CREF Administrator will keep records in the following locations:
  - a. Master file-soft copy on the CREF Administrator's computer.
  - b. Master file soft copy on ClubRunner® or other designated "Cloud."
  - c. In instances where softcopy is not available, hard copies are to be kept by the CREF Administrator and accessible to the CREF President or their designee.

### **103.10 RECORD KEEPING AND RETENTION - CREF TREASURER & ACCOUNTANT**

**POLICY** - The CREF Treasurer & Accountant shall keep a copy of all CREF financial records and will put the monthly Balance Sheet, Income Statement, and AOS Statements on ClubRunner© and/or other online resources, as deemed appropriate by the CREF Board.

The CREF Accountant will keep a copy of all Financial Statements posted to ClubRunner©.

#### **PROCEDURES**

1. The CREF Accountant shall keep the following records for the last seven years unless otherwise specified:
  - a. Copies of journals and Financial Statements
  - b. Copies of bank statements and investment statements
  - c. Records of accumulative donations by donors to the Permanent Fund - indefinitely.
  - d. Records of donations to Memorial and Living Legacy Funds – indefinitely.
  - e. Copies of acknowledgement letters sent to donors for donations
  - f. Financial Reports presented at Board Meetings
2. The CREF accountant will keep copies of the financial records in the following locations:
  - a. Master file soft copy on QuickBooks cloud with limited secure access. Only the accountant will be allowed to do postings.
  - b. The CREF President and the CREF Treasurer will determine who will be allowed access to the QuickBooks accounts.
  - c. CREF Accountant will keep a backup file of all records off-site.

### **103.11 MANAGEMENT OF CREF POST OFFICE BOX**

**POLICY** - The CREF Administrator is responsible for management of the Post Office Box.

#### **PROCEDURES**

1. There will be two keys to the Post Office Box.
2. The CREF Administrator will be listed as the owner and maintain a key to the box.
3. The CREF Administrator is responsible for the collection and distribution of the mail.
4. The President, Secretary, and Administrator will be listed with the Post Office as having right of access to the Box.
5. The holder of the second key is to be the Secretary.

## **200 Bylaws**

(Maintained as a separate word document)

## **300 Investment Policy Statements**

(Maintained as a separate word document)

# CUPERTINO ROTARY ENDOWMENT FOUNDATION

## NAMED GIFTS & RESTRICTED FUNDS OF THE CREF PERMANENT FUND

*(Last Revision May 20, 2020)*

### 400 RESTRICTED FUNDS OF THE CREF PERMANENT FUND (Memorial, Legacy, Living Legacy, Family etc.)

#### 400.1 RESTRICTED FUNDS

Cupertino Rotary Endowment Foundation (CREF) encourages unrestricted gifts to the permanent fund so that the use of the permanent fund for Cupertino Rotary's charitable programs shall not be constrained. However, there may be occasions where a donor wishes to make a contribution to the permanent fund with certain restrictions as to usage or benefits.

This policy outlines the procedures under which the CREF board may approve the establishment of restricted funds.

**POLICY A – RESTRICTED GIFTS:** Restricted gifts are those that are limited by the donor(s) for a specific purpose. They can be gifts from donors who simply wish to support a particular charitable endeavor. Or sometimes restricted gifts are contributions to the permanent fund in the name of someone else - in memory of, or in honor of, a Cupertino Rotarian, relative of such Rotarian, or a good friend of Rotary. These restricted gifts have historically been called Memorial Funds, Legacy Funds, Living Legacy, and/or Family Funds.

#### **PROCEDURE 1. Establishment of Restricted Funds**

- a. A Restricted Fund is established by submitting a proposed Restricted Fund Agreement to the CREF President for CREF board review and approval
- b. A Restricted Fund Agreement may be established when the total accumulated contributions in a Named Fund reaches \$100,000 or more. A Named Fund is where money is accumulated before it becomes a Restricted Fund.
- c. Typical (and preferred) restricted funds pay out a variable annual amount reflective of the Permanent Fund balance. See Section 101.3.
- d. Any Restricted Fund which proposes a fixed annual payment for a specific purpose (e.g. an annual scholarship amount) must be of an amount sufficient to generate the annual payment, typically at least twenty-five times the size of the fixed annual payment. As an example: a \$4,000 annual payment will require a gift size of \$100,000.
- e. The Major Gifts Committee Chair is responsible for drafting all proposed Restricted Fund Agreements.
- f. All proposed Restricted Fund Agreements will go to the Investment Committee for review. The Investment Committee will make a recommendation to the CREF Board.

- g. A donor may request the CREF Board approve a change to the name associated with a previous gift. (e.g. From the Linda Walker fund to the Walker Family Fund).
- h. The Lohmiller Fund and Walker Family Fund are deemed grandfathered as Restricted Funds.

**PROCEDURE 2. Purposes of Restricted Funds**

- a. The purposes of the Restricted Funds shall be charitable and acceptable to the Rotary Club of Cupertino. Examples are projects carried out by the Cupertino Rotary Club's AOS committees and donations to The Rotary Foundation.
- b. A Restricted Fund may stipulate certain benefits, if acceptable to the CREF and Club Boards, to the donor such as donor recognition at fundraisers or restrictions on future fundraising from a Restricted Fund donor.
- c. Restricted Funds should not be used as a pass-through for the continued use of another organization which could itself be the direct recipient of the funds, unless it is part of an existing Cupertino Rotary Project.

**PROCEDURE 3. Specific Limitations**

- a. There shall be no limitations or restrictions on the investment of the funds, including funds being segregated from the rest of the permanent fund investments. However, separate accounting of Restricted Funds may be required.
- b. The beneficiaries of the Restricted Funds shall not be named individuals, and the funds shall not be used for the direct or indirect benefit of any donor to that fund.
- c. Donors may not retain control over the administration of the funds, nor the naming of beneficiaries such as scholarship recipients.
- d. Donors shall not retain the right to revoke any gift or the purposes of a gift. The CREF Board shall have the right to revise the purposes of a Restricted Fund if it determines that the existing purposes are either illegal or impracticable. If such a change is to be made the Board shall discuss with the Relationship Manager the revision of the purposes so as to achieve a purpose as close to the original purpose as possible.

**PROCEDURE 4. Costs of Administration**

- a. Restricted Funds should not be accepted if the administration and/or oversight of such funds involves an undue amount of cost and/or administrative time. If the Board determines that there will be costs and administrative time that is not an undue burden but will still impact the costs of the permanent fund, then rather than reject the gift a donor may be advised that an administrative charge may be made against that gift, to be taken from the earnings and appreciation of the fund.

**PROCEDURE 5. Restricted Fund Agreements**

- a. Any Restricted Fund under this policy shall be set forth in a written agreement to be signed by a donor and the President of CREF. The agreement, along with purposes and the time limits, shall be approved by the Board of CREF.

- b. If the fund is established to memorialize a deceased person, the surviving spouse or Registered Domestic Partner (“RDP”) of the person being memorialized may suggest the purpose(s) of this Restricted Fund, subject to the approval of the CREF Board of Directors. If there is no surviving spouse or RDP, then the surviving children of the person being memorialized, shall, if they may be contacted conveniently, be given the opportunity to provide the name and purpose of that gift. If there is no surviving spouse, RDP, or children who may be conveniently contacted, then the sponsors of the fund shall provide the name and purpose. The sponsors shall be those individuals or entities who have contributed to the gift or have committed to making such contribution. In case of multiple donors, the spouse or RDP, or children shall collectively decide on the name and purpose of the fund. In case of dispute, the CREF Board of Directors shall determine the name and purpose of the fund, using its best judgment as to the likely wishes of the person being memorialized.
- c. The CREF Board of Directors and the person(s) providing the name and purpose shall enter into a Restricted Fund agreement which will document the purpose(s) of the fund. Additions to any fund may be donated at any time but future contributors shall not be permitted to change the original name or purpose(s) of the gift.

**PROCEDURE 6. Restricted Funds - Relationship Manager**

- a. The Major Gifts Committee will designate a relationship manager to oversee each Restricted Fund. The Relationship Manager shall be appointed by the Major Gifts Committee Chair upon acceptance by the CREF Board of a Restricted Fund Agreement.
- b. Under the guidance of the Major Gifts Committee, for the duration of the Restricted Fund, the Relationship Manager shall submit an annual written report to the major contributor or spokesperson for the fund. The report shall contain the present value, amount of the annual distribution, and the purpose for which funds were distributed.
- c. The Relationship Manager shall have no responsibility to oversee the investments of the fund or the distributions from the fund, other than to advise the AOS or Board of any wishes of the major contributor or spokesperson for the fund.
- d. The Relationship Manager may resign at any time and the Major Gifts Committee Chair shall immediately appoint a successor.

**PROCEDURE 7. Restricted Funds – Annual Check for Compliance**

- a. CREF will annually review the terms and conditions of all Restricted Fund agreements to ensure compliance. An annual check of Restricted Fund Agreements will be added to the CREF Annual Calendar.

**PROCEDURE 8. Termination of Restricted Fund Agreements**

- a. All Restricted Fund agreements shall include a sunset provision for the fund whereby the restrictions and obligations associated with the gift terminate.
- b. The general policy shall normally be an expiration date of 20 years from the date of the creation of the fund or the death of both donor and spouse or Registered Domestic Partner (RDP) (if there is a donor and a spouse or RDP) whichever is longer unless otherwise specified in the Restricted Fund Agreement approved by the CREF Board at the date of the creation of the restricted fund.

**PROCEDURE 9. Scope of Restricted Fund Agreement Policy**

- a. This policy only applies to restricted gifts to the permanent fund. Many gifts will be made to CREF with a restriction as to purpose, such as gifts made to support various fundraisers. This policy does not cover these gifts.

**400.2 RESTRICTED FUND AGREEMENT TEMPLATE**

**SAMPLE RESTRICTED FUND AGREEMENT**

My gift to the Cupertino Rotary Endowment Foundation (CREF) is \$ \_\_\_\_\_ and is given for the purpose of establishing the \_\_\_\_\_ Restricted Fund.

*The purposes of this Restricted Fund must be consistent with the CREF Policy and Procedures Section 400 establishing a Restricted Fund, a copy of which is attached. A sample gift agreement for a permanently endowed fund would be as follows:*

“I will give a gift of \$ \_\_\_\_\_ to be added to previous cumulative gifts to the \_\_\_\_\_ fund of \$ \_\_\_\_\_ to create a Restricted Fund of at least \$100,000 to be named as \_\_\_\_\_. The procedure for establishing this restricted gift is described in the CREF Policy and Procedures Section 400. This gift shall be an endowment fund to be held by CREF in its permanently restricted funds, with earnings and capital growth to be used to help fund charitable projects of the Rotary Club of Cupertino’s \_\_\_\_\_ Avenue of Service. I encourage, but do not direct, CREF to use the distributions for the following charitable project, \_\_\_\_\_. In the event the Club no longer is supporting my stated charitable project, the funds shall be used for distributions for charitable projects for the following Avenue of Service \_\_\_\_\_, or the gifted funds shall revert to the permanent fund endowment and shall no longer be restricted.

The restrictions on the use of these gifted funds shall expire on \_\_\_\_\_ (date), 20 years after the establishment of the restricted gift, unless otherwise agreed to by the CREF Board at the date of the creation of the restricted gift.

TERMS OF GIFT

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### **400.3 RESTRICTED FUND AGREEMENT CRITERIA**

**POLICY A – RESTRICTED FUND AGREEMENT:** Any Restricted Fund Agreement should include the following items.

1. The name by which the fund will be identified.
2. An acknowledgement of the timing of the first payment from the fund.
3. The sunset date for the fund - twenty years from the start of the fund.
4. The beneficiary organization/group name and any specifics with respect to the beneficiaries within the organization. (for example, specific beneficiaries of a DeAnza scholarship)
5. The process, if any, for selecting the beneficiaries within the specificized organization/group.
6. People or organizations that would be involved with the selection of beneficiaries.
7. Donor stipulations specified as far as use of the returns on the giving (for example, annual TRF donation, annual golf tournament sponsor).
8. Any recognition requested to be given to the restricted fund donor or the Rotary Club of Cupertino from benefiting individuals or organizations.
9. The amount of the donation to the CREF Permanent Fund, and that the amount meets the identified minimum amount to be an endowment meriting a restricted fund agreement.
10. For Restricted Fund agreements that specify a dollar amount for the annual payment (as opposed to some calculation reflective of the permanent fund balance), any specific dollar amount for the annual payment is capped at 4% of the original gift amount.
11. For a fixed dollar distribution, a provision to give a lower amount based on investment results should be included

### **400.4 CURRENT RESTRICTED FUND AGREEMENTS**

**POLICY A – RESTRICTED FUND AGREEMENTS:** As outlined in Section 400.1, under certain conditions, a donor may wish to make a contribution to the permanent fund with certain restrictions as to usage or benefits. Signed copies of the Restricted Fund Agreements are stored in the CREF Dropbox (or equivalent) by the CREF Administrator.

# CUPERTINO ROTARY ENDOWMENT FOUNDATION BOARD GOVERNANCE

*(Last Revision May 20, 2020)*

## 500 BOARD GOVERNANCE

### 500.1 CODE OF ETHICS

#### PREAMBLE

In adopting the hereinafter set forth Code of Ethics Policy, the Board of Directors emphasizes that because CREF is a small organization without paid staff, many of the policies and standards are necessarily inapplicable at this time. However, these policies set forth aspirational goals to which this organization should aspire without creating unnecessary paperwork or administrative roadblocks to effective CREF actions.

#### ARTICLE I – PERSONAL AND PROFESSIONAL INTEGRITY

All staff, board members, and volunteers of the Organization (hereinafter called “CREF”) act with honesty, integrity, and openness in all their dealings as representatives of CREF. CREF promotes a working environment that values respect, fairness, and integrity.

#### ARTICLE II – MISSION

CREF has a clearly stated mission and purpose, approved by the Board of Directors, in pursuit of the public good. All of its programs support that mission and all who work for or on behalf of CREF understand and are loyal to that mission and purpose. The mission is responsive to the constituency and communities served by CREF and of value to the society at large.

#### ARTICLE III – GOVERNANCE

CREF has an active governing body that is responsible for setting the mission and strategic direction of CREF and oversight of the finances, operations, and policies of CREF. The governing body:

- Ensures that its board members or trustees have the requisite skills and experience to carry out their duties and that all members understand and fulfill their governance duties acting for the benefit of CREF and its public purpose;
- Has a conflict of interest policy that ensures that any conflicts of interest or the appearance thereof are avoided or appropriately managed through disclosure, recusal, or other means; and
- Is responsible for the hiring, firing, and regular review of the performance of the chief executive officer, and ensures that the compensation of the chief executive officer is reasonable and appropriate.
- Ensures that the CEO and appropriate staff provide the governing body with timely and comprehensive information so that the governing body can effectively carry out its duties;

- Ensures that CREF conducts all transactions and dealings with integrity and honesty;
- Ensures that CREF promotes working relationships with board members, staff, volunteers, and program beneficiaries that are based on mutual respect, fairness, and openness;
- Ensures that CREF is fair and inclusive in its hiring and promotion policies and practices for all board, staff, and volunteer positions;
- Ensures that policies of CREF are in writing, clearly articulated, and officially adopted;
- Ensures that the resources of CREF are responsibly and prudently managed; and
- Ensures that CREF has the capacity to carry out its programs effectively.

#### **ARTICLE IV – LEGAL COMPLIANCE**

CREF shall to the best of its ability be knowledgeable of and comply with all laws and regulations affecting its mission and conduct.

#### **ARTICLE V – RESPONSIBLE STEWARDSHIP**

CREF shall manage its funds responsibly and prudently. This should include the following considerations:

- It spends a reasonable percentage of its annual budget on programs in pursuance of its mission;
- It spends an adequate amount on administrative expenses to ensure effective accounting systems, internal controls, competent staff, and other expenditures critical to professional management;
- CREF, if soliciting funds, should have reasonable fundraising costs, recognizing the variety of factors that affect fundraising costs;
- CREF should prudently draw from endowment funds consistent with donor intent and to support the public purpose of CREF;
- CREF should ensure that all spending practices and policies are fair, reasonable, and appropriate to fulfill the mission of CREF.; and
- All financial reports are factually accurate and complete in all material respects.

#### **ARTICLE VI – OPENNESS AND DISCLOSURE**

CREF provides comprehensive and timely information to the public, the media, and all stakeholders and is responsive in a timely manner to reasonable requests for information. All information about CREF will fully and honestly reflect the policies and practices of CREF. Basic informational data about CREF such as Form 990, reviews and compilations, and audited financial statement will be posted on CREFs website, if obtained, or otherwise available to the public. All solicitation materials accurately represent CREFs policies and practices and will reflect the dignity of program beneficiaries. All financial, organizational, and program reports will be complete and accurate in all material respects.

### **ARTICLE VII – PROGRAM EVALUATION**

CREF regularly reviews program effectiveness and has mechanisms to incorporate lessons learned into future programs. CREF is committed to improving program and organizational effectiveness and develops mechanisms to promote learning from its activities and the field. CREF is responsive to changes in its field of activity and is responsive to the needs of its constituencies.

### **ARTICLE VIII – INCLUSIVENESS AND DIVERSITY**

CREF has a policy of promoting inclusiveness and its staff (if any), board, and volunteers reflect diversity in order to enrich its programmatic effectiveness. CREF take meaningful steps to promote inclusiveness in its hiring, retention, promotion, board recruitment, and constituencies served.

### **ARTICLE IX FUNDRAISING**

CREF, as it raises funds from the public or from individual donors, will be truthful in its solicitation materials. CREF will respect the privacy concerns of individual donors and expend funds consistent with donor intent. CREF will disclose important and relevant information to potential donors.

**Adopted by the Board of Directors of the Cupertino Rotary Endowment Foundation on this 20<sup>th</sup> day of May, 2009**

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**Darryl A. Stow, Secretary**

Adopted May 20, 2009

## 500.2 CONFLICT OF INTEREST

### ARTICLE I - PURPOSE

The purpose of the conflict of interest policy is to protect this tax-exempt organization's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Organization or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations. (The term "Organization" shall hereafter refer to the Cupertino Rotary Endowment Foundation).

### ARTICLE II - DEFINITIONS

#### 1. Interested Person

Any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

#### 2. Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- a. An ownership or investment interest in any entity with which the organization has a transaction or arrangement,
- b. A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement, or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Organization is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

### ARTICLE III - PROCEDURES

#### 1. Duty to Disclose

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

#### 2. Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

### 3. Procedures for Addressing the Conflict of Interest

An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

- a. The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- b. After exercising due diligence, the governing board or committee shall determine whether the Organization can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- c. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Organization's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.
- d. If the application of this conflict of interest policy would result in the board of directors containing only one disinterested director, that remaining director may validly approve the transaction, but shall first consult with an outside expert to ensure that the action to be approved is fair and reasonable and meets the standards as set forth herein. If the application of this conflict of interest policy would result in all members of the board of directors containing no members able to act, then all of the board members may act, but shall first consult with an outside expert and obtain a written determination that the action which it proposes to approve is fair and reasonable and meets the standards set forth herein.

### 4. Violations of the Conflicts of Interest Policy

- a. If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

## **ARTICLE IV – RECORDS OF PROCEEDINGS**

The minutes of the governing board and all committees with board delegated powers shall contain:

- a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.
- b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

**ARTICLE V - COMPENSATIONS**

- a. A voting member of the governing board who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.
- b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.
- c. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization either individually or collectively, is prohibited from providing information to any committee regarding compensation

**ARTICLE VI – ANNUAL STATEMENTS**

Each director, principal officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

- a. Has received a copy of the conflicts of interest policy.
- b. Has read and understands the policy.
- c. Has agreed to comply with the policy, and
- d. Understands the Organization is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

**ARTICLE VII – PERIODIC REVIEWS**

To ensure the Organization operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
- b. Whether partnerships, joint ventures and arrangements with management organizations conform to the Organization's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

**ARTICLE VIII – USE of OUTSIDE EXPERTS**

When conducting the periodic reviews as provided for in Article VII, the Organization may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

**I have read and understand the foregoing Conflict of Interest Policy and Agreement. I agree to its terms, and my actions have been, and will continue to be guided thereby.**

Print Name \_\_\_\_\_

Date \_\_\_\_\_

Signature \_\_\_\_\_

Adopted May 20, 2009

## **500.3 DUE DILIGENCE AND LOYALTY POLICY**

### **PREAMBLE**

In adopting the hereinafter set forth Due Diligence and Loyalty Policy, the Board of Directors emphasizes that because CREF is a small organization without paid staff, many of the policies and standards are necessarily inapplicable at this time. However, these policies set forth aspirational goals to which this organization should aspire without creating unnecessary paperwork or administrative roadblocks to effective CREF actions.

### **ARTICLE I – DUE DILIGENCE**

The directors of CREF must exercise due diligence consistent with a duty of care that requires a director to act:

- In good faith;
- With the care an ordinarily prudent person in a like position would exercise under similar circumstances;
- In a manner the director reasonably believes to be in the charity's best interests.

Directors should see to it that policies and procedures are in place to help them meet their duty of care. Such policies and procedures should ensure that each director:

- Is familiar with the charity's activities and knows whether those activities promote the charity's mission and achieve its goals;
- Is fully informed about the charity's financial status; and
- Has full and accurate information to make informed decisions

### **ARTICLE II – LOYALTY**

The directors of CREF owe it a duty of loyalty. The duty of loyalty requires a director to act in the interest of the charity rather than in the personal interest of the director or some other person or organization. In particular, the duty of loyalty requires a director to avoid conflicts of interest that are detrimental to the charity. To that end the board of directors should adopt and regularly evaluate an effective conflict of interest policy. Directors and staff should be required to disclose annually in writing any known financial interest that the individual or a member of the individual's family has in any business entity that transacts business with the charity such as legal, accounting, or investment management business.

**Adopted by the Board of Directors of the Cupertino Rotary Endowment Foundation on this 20<sup>th</sup> day of May, 2009.**

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**Darryl A. Stow, Secretary**

Adopted May 20, 2009

## **500.4 MISCELLANEOUS GOOD GOVERNANCE POLICIES**

### **PREAMBLE**

In adopting the hereinafter set forth Miscellaneous Good Governance Policies, the Board of Directors emphasizes that because CREF is a small organization without paid staff, many of the policies and standards are necessarily inapplicable at this time. However, these policies set forth aspirational goals to which this organization should aspire without creating unnecessary paperwork or administrative roadblocks to effective CREF actions.

### **ARTICLE 1 – TRANSPARENCY**

CREF will demonstrate transparency by making full and accurate information about its mission, activities, and finances publicly available. The Board of Directors will ensure that its Form 990, annual reports, and financial statements are complete and accurate, are posted on its public web site, if created, and are made available to the public upon request.

### **ARTICLE II – FUNDRAISING POLICY**

CREF will use care and honesty at all times in its fundraising. It will ensure that fundraising solicitations meet federal and state legal requirements and solicitation materials are accurate, truthful and candid. CREF will keep its fundraising costs reasonable. If paid fundraisers are used, CREF will use those that are registered with California and that can provide good references. Performance of any such paid fundraisers must be continuously monitored.

### **ARTICLE III – FINANCIAL AUDITS**

CREF Directors must be good stewards of CREF's financial resources. It should operate in accordance with an annual budget approved by the Board. The Board should ensure that financial resources are used to further charitable purposes by regularly receiving and reading up-to-date financial statements including form 990 and accountant's letters. If CREF acquires substantial assets, as determined by the Board in consultation with its accountant and legal counsel, it should ensure that an independent auditor conduct an annual audit. The Board should continue using the services of an independent certified public accountant.

### **ARTICLE IV – COMPENSATION PRACTICES POLICY**

CREF, when it pays compensation for services, should never pay more than reasonable compensation. CREF should generally not compensate board members for services on the board, except to reimburse for expenses actually incurred. In determining reasonable compensation, CREF will rely on the rebuttable presumption test of Section 4958 of the Internal Revenue Code and regulation section 53.4958-6, copies of which are attached hereto.

### **ARTICLE V - DOCUMENT RETENTION POLICY**

CREF shall establish and follow appropriate document and record retention requirements. See Section 103.9 entitled Record Keeping and Retention - Secretary & Administrator and Section 103.10 entitled Record Keeping and Retention - CREF Treasurer & Accountant."

(Updated 5/20/2020)

## **500.5 WHISTLEBLOWER POLICY**

### **ARTICLE I – PURPOSE**

The purpose of the Whistleblower policy is to encourage officers, staff and volunteers to come forward with credible information on illegal practices or serious violation of adopted policies of the Organization and to protect such persons who do come forward. (The term "Organization" shall hereafter refer to the Cupertino Rotary Endowment Foundation)

### **ARTICLE II – ENCOURAGEMENT OF REPORTING**

The Organization encourages complaints, reports or inquiries about illegal practices or serious violations of the Organization's policies, including illegal or improper conduct by the Organization itself, by its leadership or by others on its behalf: Appropriate subjects to raise under this policy would include financial improprieties, accounting or audit matters, ethical violations, or other similar illegal or improper practices or policies. Other subjects on which the Organization has existing complaint mechanisms should be addressed under those mechanisms, such as raising matters of alleged discrimination or harassment via the Organization's human resources channels, unless those channels are themselves implicated in the wrongdoing. This policy is not intended to provide a means of appeal from outcomes in those other mechanisms.

### **ARTICLE III – PROTECTION FROM RETALIATION**

The Organization prohibits retaliation by or on behalf of the Organization against officers, staff or volunteers for making good faith complaints, reports or inquiries under this policy or for participation in a review or investigations under this policy. This protection extends to those whose allegations are made in good faith but prove to be mistaken. The Organization reserves the right to discipline persons who make bad faith, knowingly false, or vexatious complaints, reports or inquiries or who otherwise abuse this policy.

### **ARTICLE IV – WHERE TO REPORT**

Complaints, reports or inquiries may be made under this policy on a confidential or anonymous basis. They should describe in detail the specific facts demonstrating the basis for the complaints, reports or inquiries. They should be directed to the Organization's Chairman of the Board of Directors; if this person is implicated in the complaint, report or inquiry, it should be directed to any member of the Board of Directors who is not implicated in the matter. If there is no such person, the matter should be directed to the highest ranking officer of the Rotary Club of Cupertino who is not implicated. The Organization will conduct a prompt, discreet, and objective review or investigation. Members of the Organization must recognize that the Organization may be unable to fully evaluate a vague or general complaint, report, or inquiry that is made anonymously

**Adopted by the Board of Directors of the Cupertino Rotary Endowment Foundation on this 20<sup>th</sup> day of May, 2009.**

**Darryl A. Stow, Secretary**

Adopted May 20, 2009

## 500.6 NOMINATION OF DIRECTORS AND OFFICERS

**Policy** – CREF will have a Nominating Committee for the purpose of proposing nominees for Directors and Officers to the CREF Board.

Election of Directors will be held at CREF’s annual meeting. The annual meeting is defined in the CREF bylaws, Article V-Membership, Section 5 - Annual Meeting. The annual meeting is typically held the 3<sup>rd</sup> Wednesday in March.

Election of Officers will be held in accordance with the CREF bylaws Article VII - Officers, Section 1 - Number of Officers. This election typically takes place at CREF’s regular meeting in -April.

### Procedure

1. The Nominating Committee will consist of at least three members, the CREF President, Club President and one Club Past President who is active in the Club. The CREF President will serve as chair of the committee and will choose the Club Past President who will serve on the committee. At the CREF President’s discretion, additional members may be added to the committee.
2. The committee shall take into consideration a nominee’s Club leadership experience, professional background, level of engagement<sup>1</sup>, needs of CREF, and financial commitment to CREF through donations to the Permanent Fund and/or the Legacy Society.
3. The committee will make their recommendations of Director Nominees to the CREF Board at its February meeting. The CREF Board will confirm or modify the recommendations.
4. The nominees will be presented to the membership at the Club’s 1<sup>st</sup> meeting in March. At that time, it will be announced that members may nominate candidates in writing to the CREF Secretary no later than one week prior to the regular annual meeting.
5. At the annual meeting, the CREF President (or designee) will present the nominees and then conduct the election of Directors.
6. The Nominating Committee will make a recommendation of Officers to the CREF Board.
7. In accordance with the bylaws, at the April meeting of each fiscal year, the Board will elect its Officers for the following fiscal year (July 1<sup>st</sup>-June 30<sup>th</sup>).

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<sup>1</sup> Engagement not only includes the candidate's level of participation in Club activities, but also their regular participation in relevant CREF BOD/Club meetings.

## **500.7 STANDING COMMITTEES**

**POLICY** – The CREF Board will have both standing and special committees, as needed, to assist and advise the Board. The Chair of each Committee shall be a member or former member of the CREF Board.

### **PROCEDURES**

1. The CREF President will appoint the chair of all CREF Board committees. Chairs of active committees will be appointed at the beginning of each fiscal year, July 1, or at the time a committee is formed.
2. Committees should have at least three members, two of which shall be CREF Directors. All Directors are encouraged to be a member of at least one committee.
3. The Chair of each committee will make periodic reports to the CREF Board as needed.

### **Special Committees.**

May be formed at any time at the discretion of the Board.

### **Standing Committees.**

#### **1. Investment Committee**

- a. Review the Investment Policies annually as to conformity.
- b. Make recommendations to the Board for any changes to the Policy.
- c. Meet with the Investment Advisor at least quarterly.
- d. Report to the CREF Board on investments and their earnings and any significant financial changes.
- e. Act as liaison between the CREF Board and the Investment Advisor.

#### **2. Bylaws and Policy & Procedure Committee**

- a. Annually review the Bylaws and Policy & Procedures as to conformity
- b. Periodically, no less than every 3 years, review and advise the CREF Board on any recommended changes or new additions to the Bylaws and/or Policies & Procedures

#### **3. Major Gifts Committee**

- a. Cultivate donors who may become major donors to the Permanent Fund through direct donations and Legacy Society Membership.
- b. Initiate Club-led Permanent Fund Campaigns every 5 years or so.
- c. Review any outstanding pledges and follow-up with donors
- d. At least annually, review the following information with the CREF President
  - i. Cumulative donations by donor, to determine if donors have reached a level of donor recognition
  - ii. Manage donor recognition such as nameplates for placement on plaques in the club meeting room.
- e. Through the Legacy Society Committee, host an annual Legacy Society recognition luncheon.

- f. Ensure the stipulations of Restricted Funds are followed.
- g. Prepare annual reports specifically for each Restricted Fund
- h. Recruit and lead the Relationship Managers

## **500.8 KEY OFFICER ROLES AND RESPONSIBILITIES**

**POLICY** – The CREF Administrator and CREF treasurer shall have specific responsibilities and duties and will coordinate with the CREF board and the club in the execution of these duties.

### **CREF Administrator**

- a. Provide oversight of the distribution of funds for approved grants Ensure that grants meet the definition of 'charitable' to ensure the charitable status of CREF
- b. Provide regular reports to the CREF and Club Presidents on the status of charitable budgets and grants.

### **CREF Treasurer**

- a. Periodically will meet with the accountant and auditor to review financial statements and provide a financial report to the CREF Board at the monthly CREF board meeting.
- b. Provide Oversight of approved Sponsored Fundraisers, and coordinate with the Fundraiser Chair and Fundraiser Treasurer
- c. Prepare the following information for the annual CREF meeting:
  - i. Total funds in the Permanent Fund
  - ii. Funds distributed for Charitable Giving
  - iii. Number of Members who are part of the Legacy Society
  - iv. Number of Members who are Endowment Fellows
  - v. How to become an Endowment Fellow and join the Legacy Society
- d. Facilitate annual distribution from the permanent fund to charitable giving
- e. Manage charitable giving cash in accounts. Approve expense forms and sign issued checks as required.
- f. Verify that all required donation tax receipts for the year have been sent.

## **600 FORMS**

(Maintained as separate documents)