

Rotary Club of Albuquerque del Sol

Policies and Procedures for Foundation Charitable Grants

The Rotary Club of Albuquerque del Sol Board of Directors has adopted the following policies and procedures regarding the disbursement of funds from the Rotary Club's Foundation. The policies are consistent with the Joint Resolution and Memorandum of Understanding, including Exhibit A, dated June 2, 2021.

For the purposes of this Policy, the following **definitions** will apply:

- Children's Charity. A non-profit 501(c)(3) designated organization chartered in New Mexico and registered with the Secretary of State and the Attorney General. The charity must primarily serve vulnerable children in New Mexico, with at least 80% of services directly provided to children under the age of 18. The majority of children served should be from families suffering from poverty.
- Permanent Fund. That portion of the assets of the Foundation which is set aside for the production of income in accordance with the Investment Policy of the Foundation. The corpus of the Permanent Fund is \$1 million.
- Discretionary Fund. That portion of the assets of the Foundation which is set aside to pay the operating costs of the Foundation and to fund grants to be made by the Foundation in accordance with this Policy.
- Fund Raising. Any activity undertaken by or sponsored by the Rotary Club of Albuquerque del Sol or the Rotary del Sol Foundation for the purpose of obtaining money to restore or maintain the \$1 million corpus of the Permanent Fund, or to add to the earnings which are available for grants.
- Traditional Grant. A grant made from the Discretionary Fund during the annual grant cycle where applications are solicited from the charitable organizations in the community the Foundation supports, evaluated and approved by the Club and Foundation Directors. Traditional Grant awards are paid out of the Discretionary Fund in accordance with the Spending Policy and Processes for Disbursement of Earnings set forth in the Joint Resolution and Memorandum of Understanding dated June 2, 2021.
- Impact Grant. A grant in an amount that is intended to be transformational for the receiving entity. It may be used as a source for a matching grant or may stand on its own. An Impact Grant is intended to permit the recipient organization to achieve a new level of effectiveness, or impact, in its charitable specialty and may include funding to start a new program. Both

Traditional and Impact Grants may be approved in any year if suitable charities apply.

- **Start-Up Grant.** A small grant to help a promising charity establish itself in a community and begin to serve children who need critical services which are not available from more established sources. Start-up Grants do not require an operational track record of five years or proof of community impact.

Grant Application Processes

1. **Purpose of Grants.** Unless otherwise limited or restricted when a designated gift is made to the Foundation, grants may be made by the Foundation for any purpose to further the goals of Rotary with an emphasis on assisting Children's Charities in New Mexico. All grants must meet the spirit and intent of Rotary's Four Way Test and support programs that demonstrate a practice of nondiscrimination and inclusion.
2. **General Conditions.** Where limitations or restrictions upon any gift to the Foundation have been accepted by the Foundation, grants shall be made only within those limits and restrictions, except as noted elsewhere in this Policy. The Club Board shall not commit funds for grants which are not currently available in the Discretionary Fund. The Foundation Board shall maintain a reasonable reserve in the Discretionary Fund to meet operational expenses of the Foundation. All grants shall be made on an annual basis and shall not commit the Foundation to provide funding in multiple fiscal years. The Club Board shall reserve the right to terminate any grant for mismanagement or misuse of grant funds.
3. **Overview of Grant Application Process.** The Rotary Club Board has established three phases in the grant process that require agency participation. These requirements must be met by all applicants. However, the Club Board reserves the right to allocate available funds for small Start-Up Grants, or exceptional and/or emergency needs that arise after the grant application deadline.

Phase One - Minimum Requirements Review

Charities that apply for a Traditional or Impact grant must submit paperwork that demonstrates good fiscal standing and effectiveness by providing responses to the following ten items. Each application must include the following:

- i. Purpose and amount of grant requested
- ii. Five years of audited financial statements
- iii. Current budgets
- iv. Demographics served
- v. Statistical impact reports for at least three years (preferably using results-based accountability methods, unless applying for a Start-Up Grant)

- vi. 501(c)(3) designation from the IRS
- vii. Mission statement (and/or vision statement) and supporting strategic plans
- viii. Brief description of programs and needs
- ix. List of board of directors and paid officers and staff
- x. Evidence of compliance with Internal Revenue Service, New Mexico Secretary of State and Attorney General reporting requirements.

Charities or agencies that provide insufficient information or show inadequate results will be notified by the Rotary Club that they will not be considered for a grant no later than 30 days after the application deadline. The grant application is open between January 15 and February 28 of each year beginning in 2023. Applications can be submitted via email or mailed to the Rotary Club's Post Office box, and should be postmarked no later than February 24.

Phase Two - Review by Board Members

All completed grant applications will be logged in by the Club Secretary and then distributed among individual Club and Foundation Board members for initial review. Each director may be responsible for one to several applications depending on the total amount received before the deadline. Each director can research the charity or agency beyond what is provided in the application, especially if an internet search discloses negative information that may harm the reputation of the Rotary Club. Club and Foundation Directors will then discuss the merits and deficiencies of all applicants and make recommendations on whether the charity should or should not advance to Phase Three. The goal of this phase is to rank all charities from the best to the worst to get to a manageable number in the Phase Three process. Directors who have a conflict of interest with a particular charity should not participate in the review or rating process for that charity in any manner. All review findings and all deliberations will be held in the strictest of confidence and not shared with anyone who is not a Club or Foundation board member.

Phase Three - Presentations to Rotary Directors

Charities that are considered to be finalists are invited to make presentations to a combination of directors of both the Club and Foundation at a time and place established each year. The Club President will decide how long each presentation should be based on the number of charities that have made the final rankings and the amount of time available. The presentations and discussions should not typically take more than two hours. The Club President will establish a voting system that will produce the top charities that will receive grants. Traditional, Impact, and Start-Up grants can be awarded at the conclusion of the presentations meeting. Impact grants will generally be the largest dollar amount and Start-Up grants will typically be the smallest. Available funds from the foundation can be set aside for later disbursement (out of cycle) if approved by the Club Board. All Club members will be informed of the charities

selected. Charities approved for grants and those that did not get selected will be notified as soon as possible.

Recruiting Charities or Agencies to Apply

All Rotarians who are dues-paying or honorary members of the Rotary Club of Albuquerque del Sol will be encouraged to solicit children's charities throughout New Mexico to apply. Rotarians will not nominate or sponsor a charity but rather direct them to the Club website which will list the requirements and deadlines to submit an application. Forms will not be provided, but rather the ten requirements will be listed and each charity or agency can decide on the format and how best to submit the materials. Information beyond the requirements can be considered by the directors who review the grant application, but may also be discarded if deemed to be inappropriate or non-essential. The Club Public Relations director will also solicit applications by issuing press releases to the media and also posting information on various social media platforms. The Foundation board may also decide to solicit applications by mailing RFP announcements to a list of children's charities located in New Mexico. Other solicitation methods should also be used with the promotional activity starting prior to January 15 of each year.

Rotary Club Presentations by Selected Charities

All selected charities will be encouraged to make two formal presentations to Club members at either a regular breakfast meeting or to the Satellite Group. The first presentation will provide Rotarians with general information, mission, impact, etc., as well as how they plan to use the funds from the grant. Approximately six to nine months later, each charity should make follow-up presentations with updated information in the format of a progress report. The Club President will decide when each charity should be scheduled for the meeting presentations.

Conflicts of Interest and other Policy Guidelines

- Grants may not directly or indirectly benefit a Rotarian who is a dues-paying or honorary member of a Rotary Club, or an employee of a District, or other Rotary entity, or of Rotary International. A grant cannot benefit a spouse, lineal descendant (child or grandchild by blood or legally adopted child), an uncle or aunt or cousin, a spouse of a lineal descendant, or an ancestor (parent or grandparent by blood) of any living Rotarian member or Rotary employee.
- A grant should not duplicate, but may supplement, an existing grant of the Foundation or other Rotary sponsored program.
- All grants must exclude any liability to the Foundation or the Club except for the amount of the grant.

- Grants to reimburse individuals or entities for projects already undertaken and in progress or for projects that are already completed will not be favored, unless both the Club Board and the Foundation approve the grant consistent with other requirements of this policy.
- If requested, all grant recipients shall agree in writing to provide a written report or accounting of all grant funds in a form acceptable to the Foundation Board, and shall agree to make available for inspection and copying all records and supporting documentation with respect to expenditure of all grant funds.
- Preference shall be given to requests for grants which have a multiplier effect.
- Grants requested in connection with matching grant applications to Rotary District 5520, and/or to The Rotary Foundation of Rotary International, shall be given the same consideration as all other grant applications.

Reservation of Rights and Powers

As with every Policy, it can be expected that circumstances will arise which are not directly addressed by this Policy statement, or which may warrant that the Foundation make an exception to the stated Policy. The Club Board and Foundation Board reserve the right to address any such circumstance or to create one or more exceptions to the Policy on a case-by-case basis upon the affirmative vote of a majority of the Directors then serving. Additionally, this statement of Policy may be withdrawn or amended at any time upon the affirmative vote of a majority of the Club Board then serving.

The foregoing Policy was duly adopted by resolution of the Board of Directors of the Rotary Club of Albuquerque del Sol at a meeting held on the **15th** day of **February, 2022** as recorded in the meeting minutes.