

# **Rotary District 5080 Charitable Fund**

## **Policies and Guidance for Participating Rotary Clubs**

(Rev 7/21/19)

## **DONOR PAYEE RECOMMENDATIONS**

As to how the checks should be made out, in a perfect world, the checks would be made out to "Rotary Dist 5080 Charitable Fund" with "\*\*\*\*\* Rotary" on the memo line to identify what it is. Or "Rotary Charitable Fund-\*\*\*\*\* Rotary" is good, also. This is the cleanest for the donor as the check is payable to the 501(c)(3) entity, which is verification for them, if challenged.

In the real world, we get checks made out to the participating Rotary Clubs or just "Rotary" or many other designations all the time. We endorse them with the Charitable Fund deposit stamp, and in today's banking world, they process just fine. If the donor were challenged on the tax deduction, hopefully the endorsement stamp showing it went to the charitable entity is sufficient. So for this reason, forwarding the donor's check instead of depositing and writing a club check is probably preferable. You may wish to put "Pay to order of Rotary Dist 5080 Charitable Fund" on the back of the check, but as I said, to date they have deposited just fine without that.

They should also have the donation acknowledgement letter that you are to provide that identifies the charitable entity and provides the tax ID, which would be verification.

## TRANSMITTAL OF FUNDS RECEIVED

Fund received either as Donations or as Gross Receipts of a fundraising activity which has been held under the name and/or Tax ID# of the Rotary District 5080 Charitable Fund **must** be promptly forwarded to the Charitable Fund office. In order to maintain its charitable status, the fund must have ownership and control of its assets.

It is not allowable to retain funds until the completion of an event or until the events activities are reconciled by your club. It is NOT allowable to pay event expenses out of funds received and remit a net amount to the District Fund. If because of urgent circumstances, your club must pay fundraiser a fundraiser expense immediately, the club should make the payment from club funds and submit a disbursement request for reimbursement, which will be promptly issued.

If a participating club has received funds under the name of the District Fund and has not submitted those funds within 15 days, the District Fund will be allowed to freeze the participant's account until the matter is resolved. Repeated occurrences may be basis for the cancellation of the Participation Agreement, at the discretion of the Rotary District 5080 Charitable Fund board.

If a Participation Agreement is cancelled, the former participant will continue to direct the use of those funds until fully distributed. Funds may not legally be distributed to a Rotary Club classified under IRC 501(c)(4). If a Rotary Club has a qualified 501(c)(3) entity, it may request distribution to that entity, or it may continue to direct distribution for valid charitable purposes.

## Disbursement Policy

The Rotary District 5080 Charitable Fund provides a Disbursement Request, which can be mailed, emailed or faxed, and we will promptly cut the check and send it to the vendor, grant recipient, or back to the the club, as you direct.

Grant Payments should be paid from the Charitable Fund. In the event that there are extreme circumstances that require a Grant be paid immediately, the Charitable Fund will honor a reimbursement request to the club. It would be expected that the reimbursement request would be made within 30 days of the expenditure and that the reimbursement would be from funds on hand at the Charitable Fund prior to the charitable expenditure. The fund is not be able to reimburse prior charitable activities of a participating club, as these would be considered prohibited support to a 501(c)(4) organization.

There may also be circumstances where the club needs to utilize Charitable Fund amounts in conjunction with additional funds from the club, or to pay expenses of a club charitable project. Under 501(c)(3) rules, the Charitable Fund is allowed to distribute to a 501(c)(4) organization (club) if it use is restricted to an allowed charitable purpose and there is verification that it was actually expended for the intended purpose.

Fundraiser Expenses should be paid from the Charitable Fund to the greatest extent possible. We understand that there may be situations where, for example, a fundraiser expense needs to be paid on the spot. In those situations, clubs are making the payment and submitting a reimbursement request, and we will cut the check back to the club.

**NOTE: Participating clubs expenditures shall be reimbursable to the club for a period of 90 days from when the expense is incurred. If a reimbursement request and required documentation is not submitted within the 90 day period, the expense will not be reimbursed.**