

DISTRICT 5520 FINANCIAL MANAGEMENT PLAN 2023- 2024

Purpose and Overview:

The purpose of this document is to present the plan for managing the District Rotary Foundation finances. As such, the scope of this plan is limited to those finances pertaining to the District's stewardship over District Designated Funds (DDF) used for District Grants and Global Grants (where applicable) as defined and specified by The Rotary Foundation (TRF). Specifically excluded from the scope of this plan is the management of District 5520 operational finances and any other finances having to do with District operations.

2022 – 2023 Key District positions, hierarchy & acronyms within this plan:

District Rotary Foundation Committee Chair = DRFC Linda Woodward

Subcommittees of the Rotary Foundation Committee

- District Grants Chair = DGC Peter Falley
- District Global Grant Chair = DGgC Tom Simon
- District Stewardship Chair = DSC Anne Scott
- District Bi-District Conference Chair(s) = Martin Gomez
- District PolioPlus Chair = PDG Niki McDonald
- District Triple Crown Circle Donor Chair = PDG Rick Akins
- District Peace Fellows/Scholars Chair = Bob Reid
- District Paul Harris Society Chair = Mark Abramson
- District Endowment/Major Gifts Advisor = PDG Tom Lindsay

District Governor = DG John Richard Haas

District Governor-Elect = DGE Yasser Murga

Immediate Past District Governor (IPDG) = PDG John Drusedum

District Rotary Foundation Committee (DRFC) consists of:

- District Rotary Foundation Committee Chair (DRFC)
- District Grants Chair (DGC)
- District Global Chair (DGgC)
- District Stewardship Chair (DSC)

The District has the opportunity and responsibility to manage that portion of DDF for District Grants. This amount may be as much as 50% of the total DDF in any given year. In addition, this plan will cover Global Grants when such funds are received by the District.

The key to the successful management of the finances related to District and Global Grants is based on an effective process of administering the applications for and allocation of all grants.

Guiding Principles: The guiding principles behind the District's administration of the District and Global Grants are:

- All projects funded with District and Global Grant money must comply with TRF rules; Global Grants will address at least one of the Seven Areas of Focus and District Grants will support The Rotary Foundation's mission to help Rotarians contribute to world understanding, goodwill, and peace by improving people's health, supporting education, and alleviating poverty.

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- The funds to be applied for District and Global Grants came from the clubs and members of the District. Thus, each club's Annual Program Fund (APF) contribution is a major consideration in the distribution of District and Global Grant funds.
- Notwithstanding the foregoing principle, it is desired that the available grant funding be spread as widely as possible among the clubs applying for District and Global Grants. Thus, it is encouraged that smaller clubs form partnerships to sponsor projects.
- It is desired that the funds granted result in a lasting benefit to the targeted population. Thus, it is desirable that no more than four clubs join together in partnership to sponsor a single project that can be larger, have a broader and more lasting impact and include more Rotarians from the District.
- In the case of District Grants, funds will be allocated within District 5520.
- Clubs are encouraged to partner with outside, third-party organizations to expand the impact of the projects. However, all projects funded by a District Grant must be proposed by Rotarians, and Rotarians must have leading role in their management and direction.
- All activities associated with District Grants must be verifiable and auditable.
- The District's administration of District and Global Grants will be, in all particulars, in conformance with the requirements and intents of the Rotary Foundation District Grant Agreement, TRF Memorandum of Understanding (MOU) and this plan.

The Plan

1. **Administration of District Grants:** The process for the submittal and evaluation of District Grant applications and the allocation of District Grants will be as follows:

- A. **Club Qualification to Request District & Global Grant Funding:**

- I. All District 5520 Rotary Clubs are eligible, and Rotaract Clubs as of 2022-23, if the Club:
 - a. is in good standing with Rotary International (RI) and District 5520 (D5520);
 - b. is current on:
 - i. RI and D5520 dues and reporting
 - ii. prior District Grant and Global Grants reporting
 - iii. their IRS Form 990
 - b. has at least two people from the club attend a Grant Management Training (GMT) seminar for the year in question; and,
 - c. has completed the District Grant Agreement (for District Grants) or the TRF Memorandum of Understanding (MOU) (for Global Grants).

- B. **Grant Applications:**

- i. Use the Grants Module on the District 5520 website to present the necessary information for a District Grant application and submit it to the DGC. Clubs will apply for Global Grants using the applications on the RI's Grant Center.
- ii. District Grant funds are not required to be matched although clubs are encouraged to contribute additional funding to maximize the impact of their projects.
- iii. In general, clubs may request only one District Grant; however, in those cases where clubs contributed more than \$50,000 in the year the DDF was generated, the club may request a second grant. In addition, a

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qualified club may also apply for the *limited* available District Grant funds to conduct a Community Assessment to support a Global Grant application.

- iv. District Grants will be conducted within the confines of Rotary District 5520. Rotary defines D5520 as: New Mexico, and Texas, that portion west and south of the western and southern boundaries of the counties of Reeves, Ward, Crane, Crockett and Terrell and including the municipality of Farwell in the county of Parmer. Funds for a Community Assessment may be used outside the confines of the district.
- v. The minimum District Grant is \$250.

2. **Schedule for District Grant Applications:** Unless otherwise specified,

- A. Opening date for applications is May 1st.
- B. Closing date for preliminary project proposals is June 15th.
- C. Closing date for full applications is July 1st.

3. **Processing the District Grant Applications:** The District Grants Chair will review the District Grant applications as they are received and work with the respective clubs to resolve any content or format issues regarding the application. The DSC will ensure that each club is qualified by examining its completed District Grant Agreement and validating that the club is current in all other requirements (IRS Form 990, dues, etc.)

4. **District Grant Funding Determination:**

- A. The District Grant Committee (DGC) consisting of the following members will meet to review each application (no more than 9 members).
 - District Grants Chair
 - District Rotary Foundation Committee Chair
 - District Global Grants Chair
 - District Stewardship Chair
- B. The DGC will take and maintain minutes of all meetings in accordance with the District 5520 Manual of Procedure. Further, the DGC is responsible for the generation and submission of DGC-related reports and applications as required by TRF and other authorities.
- C. With the approval of the Governor and the concurrence of the DRFC, the DGC may assign DGC members duties as necessary to accomplish the purpose of the committee.
- D. A simple majority of the DGC members being present will constitute a quorum for this meeting.
 - a. No member shall be a direct participant in a potential grant.
- E. The DGC will determine a project funding plan for the proposed projects given the constraints of the funds available for District Grants. The Project Funding Plan will be attached as an addendum to the District 5520 Financial Management Plan.

5. **District Grant Funding Resolution:** The DGC will make a formal resolution regarding the grant funding plan indicating the will of the Committee. While a consensus is

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desired, a simple majority of votes of those present in favor of the plan placed in a motion, seconded and discussed will be sufficient to approve the resolution. The resolution of the DGC will be final with no appeal allowed. (The rationale for this policy is to avoid, to the maximum extent possible, any delays in the funding of the approved grants.)

6. **District Grant Funding Resolution Dissemination:** The resolution regarding funding of the proposed District Grants including a summary of the respective projects and the funding will be disseminated to all clubs in the District for information as soon as practicable after the DGC has determined the funding plan but in no event more than 10 days after the plan has been approved by The Rotary Foundation.
7. **Funding Procedure for District Grants:** Funding of the approved projects will be accomplished as soon as practicable after the funding plan has been determined. Funding will be accomplished as follows:
 - After approval of the grants, the DGC will assign a unique number to each District Grant; prepare the paperwork for the DDF request. Copy DRFC, Stewardship Chair (DSC) and Governor.
 - Upon approval the DRFC will submit the DDF request to TRF.
 - TRF will electronically deposit the funds in the District's District Grant Bank Account.
 - The DGC will send the DGC Resolution, annotated to include the assigned grant numbers, to the DSC, DRFC and Governor.
 - The DSC will prepare a check request list indicating the grant number, the payees' names, addresses and the amounts of the respective checks. The check request list will be sent via email to the DGC, DRFC and Governor.
 - The DRFC and Governor will verify the checks per the instructions from the DSC.
 - The DRFC will verify the check amounts and payees are in accordance with the DGC Resolution and then arrange with the District Bookkeeper that the checks are drawn and signed by two signatories. Verification will be sent via email to DGC and the DSC.
 - The DSC then makes arrangements with the District Bookkeeper for the checks to be sent to the respective recipients.
8. **Funding Procedure for Global Grants (Bank Account held in District 5520):** Funding will be accomplished as follows:
 - TRF assigns a unique number to each Global Grant.
 - After TRF approves the application for a Global Grant it requests the bank information to transfer the funds to a separate Bank Account for that Global Grant.
 - The Primary Contact on the Global Grant will request the Bank Account information from the DGgC. With approval from the DRFC, the DGC will provide the information to the Primary Contact on the Global Grant.
 - When the funds are in the DRF Grant Bank Account, the DGC will notify the Global Grant primary contact.

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- The Primary Contact will prepare a check request, to the DRFC and DSC, indicating the amount, the payee, their bank information (if it is a wire transfer) or their mailing address. Invoices or receipts must accompany the request.
 - The DRFC will approve the disbursement via email. Copy to Primary Contact, DGC, Stewardship Chair and Governor. If it is a wire transfer, the DRFC will forward the request to the Governor for approval.
 - The DSC will have the checks prepared per the instructions from the Primary Contact on the Global Grant. If it is a wire transfer, the Stewardship Chair will have the wire transfer prepared. The check request list will be sent via email to the DGC, DRFC and Governor.
 - The DRFC and Governor will verify the check amounts and payees are in accordance with the check request. The DRFC will have the check signed by 2 signatories. Verification will be sent via email to DGC and the DSC.
 - The DSC then makes arrangements for the checks to be sent to the respective recipients.
9. **Club District Grant Reporting Requirements:** As a stipulation of receiving a District Grant the sponsoring club will commit to comply with interim and final reporting requirements:
- a. Interim Report: For a project in progress, an interim report must be submitted online by March 31 of the grant year, and every six months thereafter until project completion:
 - A brief description of progress made in completing the project, any obstacles that have been experienced, and solutions to the problems.
 - A summary accounting of how the money has been spent by major categories.
 - An estimate of the remaining time to completion.
 - b. Final report: When a project is finished, a final report must be submitted online containing the following:
 - A summary of the project indicating what was done with respect to each of the project goals as set forth in the grant application.
 - A complete financial accounting of how the full project money was spent in detail including all receipts or invoices for items purchased and services contracted.
 - A list of Rotarians who participated in the project and a brief description of what each did on the project.
 - Photographs documenting the project.
 - c. Any other reporting requirements stipulated by TRF.

If the District Grant funds are not fully spent, unspent DDF must be returned to the district.

10. **Annual District Grants Activity Report:** Each year the DGC, will submit to the DRFC and DSC, in the period April – June, a summary report of the status of all District Grants funded during the year. This report will include the following:
- a. A listing of all grants issued with the District grant number.
 - b. Status (in progress, complete, etc.)

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- c. Interim reports submitted as required
- d. Final report submitted
- e. Any problems known

11. Resolution of Problems Noted: The Stewardship Chair will review the Annual District Grants Activity Report and take action as appropriate to resolve any problems noted in the DGC's report and forward the report to the DRFC and Governor.

12. District Grants Record Keeping: The District Stewardship Chair will annually review the document retention policies of the District Grant Module (controlled by ClubRunner), the District Bookkeeper, and the District Executive Secretary to insure that they maintain a series of electronic files of the following with a retention period of five years from the date of approval of each District Grant.

- a. An individual file on the website for each District Grant containing:
 - the original grant application as reviewed by the DRFCC prior to funding
 - copies of invoices and receipts
 - photos
 - interim reports (if any)
 - the final report
- b. A copy of the cancelled check sent to the sponsoring club to fund the grant
- c. A copy of the DGC Resolutions
- d. A copy of check requests made to fund the approved grants

12. DRF Grants Financial Accounting: The Stewardship Chair is responsible for ensuring the following:

- a. Maintaining a General Ledger in accordance with Generally Accepted Accounting Principles.
- b. Maintain receipts for all expenditures of \$75 or greater. (Note: this pertains only to expenditures made by the DRFC Foundation Committee, NOT to receipts for expenditures made by the various clubs as they execute the granted projects.)
- c. Ensure that all District Rotary Foundation banking activities, including the conversion of funds, are in accordance with local law.
- d. Adhere to all TRF bank account requirements as follows:
 - The District Rotary Foundation Grant Bank Account should be non-interest bearing.
 - The name on the account will be "**Rotary International District 5520 District Grant Account**".
 - Grant funds may not be deposited in investment accounts of any kind.
- e. Perform monthly bank reconciliations and retain them electronically.
- f. Annually, within 30 days after the end of each Rotary year, the Stewardship Chair will make available to the DRFC and the Governor the General Ledger, Income Statements, Balance Sheet and Bank Statements.

13. Signatory authority and custodianship of District Rotary Foundation Grant Bank Account: The following will apply:

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- a. All disbursements will be made by a check drawn on the DRF Grants checking account. There will be no cash disbursements.
- b. Two signatures are required on all disbursement checks. The following positions have signing authority: District Governor, District Treasurer, District Bookkeeper.
- c. When one of these positions has a change of personnel, the most senior individual will ensure that new signature cards are completed with the bank within 60 days of the change.

14. Annual Financial Assessment:

- a. The financial management plan and its implementation shall be assessed annually. A financial assessment is an evaluation of financial controls and compliance. The district shall choose either an independent firm or an audit committee to conduct the annual financial assessment. In coordination with the District Finance Committee, the District Foundation Committee will select the method of performing the annual assessment. The method of performing the annual assessment and the persons/organizations selected to perform the assessment will be presented to the District Membership for ratification at the District Conference. If audit committee method is selected, the District Audit Committee will be used.

If selected, the District Audit Committee will be constituted in accordance with RI Bylaws, and may not include members directly involved with TRF grants and may not include:

- Members of any club or district grant project committee
- Member of the Foundation Committee
- The District Governor
- The District Governor Elect
- Immediate Past District Governor
- Any Rotarian planning to be a project contact or a recipient of Rotary grant funds during the term of the Audit Committee.

- b. As part of the Annual Assessment, an independent financial assessment will be performed annually at a time specified by District Bylaws. The written report of the financial assessment will be submitted to the District Foundation Committee Chair, District Stewardship Chair and the Governor within 90 days of the end of the Rotary year. The written report will be provided to the clubs as specified by District Bylaws as well as The Rotary Foundation.

- 15. Resolution of Discrepancies and/or Misuse of Funds:** The District Stewardship Chair will take action to resolve any discrepancies and/or misuse of funds noted in the annual financial assessment and report said action to the persons/organizations performing the assessment, the District Foundation Committee Chair and the Governor along with an action plan to prevent the repetition of any such discrepancies. The District Stewardship Chair will also take action to resolve said discrepancies and/or misuse of funds identified by others and presented to the DRFC.

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A copy of the Annual Financial Assessment report and all follow up reports will be provided to the DGE and DGN for information. The Rotary Foundation will be notified of any discrepancies and/or misuse of funds as soon as they are identified. The District Foundation Committee Chair will work with TRF to resolve these issues. Resolutions could include returning of funds to the District or TRF. It could also include denial of future requests for DDF for a period of one to three years, depending on the severity of the discrepancy or misuse of funds. It is possible, if severe enough, that the club charter could be pulled.

16. **Report to the District of Grant Activity:** Annually, within 90 days of the end of the Rotary Year, the District Foundation Committee Chair will transmit to all clubs in the District a summary report regarding the District Grant activity during the previous Rotary year. The Governor, District Governor Elect, District Governor Nominee and all members of the District Foundation Committee will receive a copy of this report. This report will also be provided at the District Conference.
17. **Annual review and evaluation of this Financial Management Plan:** Annually, within one month prior to or after the end of the Rotary year (that is in either June or July), the DRFC, DSC, DGC, Governor and DGE will meet to assess the operational performance of this DRF Grants Financial Management Plan. The purpose of this review is to determine if the procedures work to the satisfaction of those involved and if the plan serves the clubs of the District well. It is specifically not the purpose of this review to perform an audit on the financial records. Changes in the procedures may be made by majority vote of the review committee.
18. **Global Grant Financial Management:** Should District 5520 be a recipient of any Global Grant funds, they will be deposited in the DRF Grant bank account and disbursed in the same way funds for District Grants are disbursed. Any such financial activity will be reported and administered within the system established herein for District Grants. The only difference being the particular identification of the subject Global Grant.
19. **Changes to this DRF Financial Management Plan:** If, from time to time, it is necessary to make changes to this financial plan to better serve the clubs of the District or to correct a deficiency in the plan such changes may be proposed to the DRFC which will transmit the proposed change(s) to all members of the District Foundation Committee for comment. Any comments received will be resolved and the resulting proposed changes to the plan will be made and promulgated. A note indicating the superseding plan will be added to the end of the plan indicating the date of the revision and the date of the superseded version of the plan.
20. **Revisions:** This document supersedes the June 2022 version.

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ADDENDUM ONE

Club Project Funding Plan

I. Background:

Prior to 2017 – 2018 the funding model used was very straightforward. District 5520 funded approved projects in the form of matching grants ranging from a minimum of \$250 to a maximum of \$2,000. While the projects were based on merit, little attention was given to the contributions by the club to the TRF Annual Program Fund (APF). As a result, a club that gave little or nothing to the APF was as eligible to receive a District 5520 matching grant as a club that annually gave \$100 per capita. The other criteria for rewarding a matching grant (two annually trained club members, paid up dues to RI and District, etc.) have remained the same over recent years.

II. The Plan:

1. District Grant funding will be based on the following funding model. This model has two funding sources; the contribution amount a club gave to Annual Fund-SHARE during the base year (three years prior to the grant's funding year), and, a set amount if the club achieved \$100 per capita giving to the APF during the year prior to the grant funding year.
2. The District each year receives as its District Dedicated Fund (DDF) an amount equal to 50% of the unrestricted Annual Program Fund contributions by its clubs during the base year. For the 2023-24 (FY 2024) the funding will be based on the contributions during FY 2021 (the base year). The portion of the DDF allocated to District grants will be determined by the DRFC budget after administrative expenses such as the annual lease of the ClubRunner® Grants Module software, postage, etc. determined at the beginning of the fiscal year. The District has usually requested that 50% of the DDF be allocated to District Grants. The resulting District Grant Fund may be augmented by the district; once district funds are transferred into the District Grant bank account, they are administered as District Grant funds.
3. For Clubs that have met the qualifications to apply for a District Grant, the base amount of their grant will be calculated as 15% of their Annual Fund-SHARE contribution in the base year (2020-21). Clubs that contributed to the unrestricted APF at the \$100 per capita level during the fiscal year preceding the grant's funding year will receive an incentive bonus amount

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added to their base funding. The incentive bonus will be available even to clubs that do not qualify for a base funding amount. The Incentive Bonus amount will be determined, upon receipt of the June 30 TRF report of APF contributions, by equally allocating to those clubs in this category the amount remaining in the District Grant Fund after all base grants have been allocated; the sum of a club's baseline amount and incentive bonus share will normally not exceed the amount requested for the grant. **NOTE:** District 5520 will not issue a grant for less than \$250.

4. This plan can be modified by the DRFC if deemed appropriate by the DRFC Chair in consultation with members of the Foundation Committee.
5. District Grants are not required to be matched although clubs are encouraged to contribute additional funds to maximize the impact of their projects.
6. In general, clubs may request only one District Grant; however, in those cases where clubs contributed more than \$50,000 to APF-SHARE in the year the DDF was generated, the club may request an additional District Grant.
7. In the event that a club was not chartered during the baseline year generating the DDF, a baseline minimum grant of \$249.00 will be assumed.

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ADDENDUM TWO

Global Grants

- I. General:
 - a. Rotary District 5520 supports clubs that desire to participate in Global Grants; D5520 does not advocate for any particular project but rather depends on the participating clubs to promote the projects they favor and assemble sufficient support. Therefore, D5520 will not act as host or international host on Global Grants.
- II. Criteria Used to Determine DDF Funding:
 - a. In general, Rotary District 5520 recognizes that The Rotary Foundation (TRF) Global Grant Model favors contributions by Rotary Districts by matching their contributions, whereas contributions from Rotary Clubs are not matched by TRF. Therefore, District 5520 favors maximizing the DDF contribution to take advantage of the matching funds provided by TRF.
 - b. Each year the District Rotary Foundation Chair (DRFC) and District Grant Chair (DGS) and the District Global Grants Chair (DGgC) with the concurrence of the District Governor, determines the DDF matching amount based on availability of unrestricted DDF and anticipated demand for funds. For the FY23 Rotary Year, D5520 will match up to \$15,000 where a District 5520 club is the International or Host Sponsor, where at least 5 other clubs have committed meaningfully to financial support of the Grant and the Host and International Partners have contributed a combined total of at least \$3,000.
 - c. Where a District 5520 Rotary club is either an International Partner or Host Partner for a Global Grant, District 5520 expects the combined total of contributions from the 2 Partners to equal at least 10% of the total Global Grant Budget.
 - d. The DRFC may deviate from the Global Grant matching formula based on an evaluation of the circumstances of each Global Grant. Any deviation(s) from the "formula" will be noted in the DDF Allocation Decision Memorandum along with the reasons therefor. Such deviations may include but are not limited to:
 - i. Availability of DDF compared to the annual DDF spending plan;
 - ii. An unusually large amount and number of Club and or District contributions to the Global Grant;
 - iii. One or more of the District 5520 host and/or partner clubs being delinquent in reporting, dues, IRS-990 compliance, etc.
 - iv. Special circumstances which might include but not be limited to: (a) Exceptional merit of the project; (b) Zone's priority.
- III. Global Scholarships:
 - a. There are two types of Global Scholarships: (1) Scholarships proposed and funded by clubs; and (2) Scholarships offered and funded totally by District 5520 without any club funding.

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- i. Scholarships proposed by clubs and funded by clubs will be processed in the manner as any other Global Grant.
- ii. A Scholarship proposed by a club without funding by the club will not be processed.
- iii. Scholarships offered and funded by District 5520 require a district-wide advertisement and selection process. The club sponsoring the selected candidate will be the District 5520 Host club.