

# **Independent Foundation TAG**

**April 3<sup>rd</sup> 2026**

The Independent Foundation TAG committee met 3 times and have come to the following conclusions:

## **Current Independent Foundations**

### **District 7490**

#### **\*Gift of Life**

The Gift of Life is a worldwide humanitarian program intended to aid the children of the world born with congenital heart disease who need lifesaving corrective heart surgery. The District 7490 Gift of Life foundation is a 501 C 3 registered with the United States federal Government.

#### **\*Rotary-Military Family Assistance Foundation**

The MFAC offers assistance to any recognized currently serving military or veteran, including their immediate families and all dependent children as well as any recognized military or veteran organization.

MFAC is a resource to those who are currently serving or have served our country. They maintain a foodbank at the Veterans Center in Secaucus, NJ. The Rotary-Military Family Assistance Foundation is a 501 c 3 registered with the United States Federal Government.

#### **\*Rotary District 7490 Walter D. Head Foundation**

The Rotary District 7490 foundation is the district's charitable Foundation. It was founded in 1965 and is named after Walter D. Head an esteemed member of District 7490 who served as Rotary International President in the Rotary year 1939/1940.

The purpose of the foundation is to provide academic college scholarships. It also provides supplemental funding grants for local community service projects undertaken by two or more clubs and serves as the conduit for charitable giving by the district. Rotary District 7490 Walter D. Head Foundation is a 501 c 3 registered with the United States Federal Government.

### **District 7505**

At the current time District 7505 has no Independent Foundations. Their Gift of Life committee has recently disbanded and they have liquidated their funds and have forwarded them to Rotary International's Gift of Life. The Committee Chair of District 7490's Gift of Life has reached out to the 7505 Gift of Life committee and has extended an invitation for 7505 members to join the existing Gift of Life Foundation.

Recommendations from the TAG to the steering committee regarding the existing Independent Foundations are as follows:

- **Gift of Life Foundation-** The existing Gift of Life Foundation should remain and reach out to all Clubs in NJ Rotary to get them involved.
- **Rotary-Military Family Assistance Foundation-** Should remain intact but reach out to all clubs in NJ Rotary and see if they are interested in joining. It was brought to our attention that many clubs have their own foundations that do similar work. **The committee felt that all clubs should be notified that their clubs foundations will remain intact and that becoming NJ Rotary will have no effect on their Clubs Foundations.**
- **Rotary District 7490 Walter D. Head Foundation-** Should remain and the same as above reach out to those clubs in the new District and see if any are interested. The current money in the foundation should be distributed in the 3 counties that make up District 7490 Bergen, Passaic and Hudson. The current funds in the Foundation were donated by the clubs of District 7490 and as an independent foundation this is their wish and they felt it should be distributed by them. However, the committee also spoke about approaching the Walter D. Head foundation and asking them to allocate some of the current funds to help get the program started so that to be used the clubs that are currently in District 7505 can participate.

### **Final Recommendation**

**The Committee strongly felt That NJ Rotary should have its own Charitable foundation. Many thanks to committee member Denise Stuart who worked very hard on the below start up plan for an NJ Rotary Foundation that outlines the goals, purpose and how to establish the foundation.**

The newly combined Rotary districts 7490 and 7505 in New Jersey propose to create a new foundation to raise funds for large projects. What would be a good initial plan?

A newly combined Rotary District (former **7490 + 7505**) has a real opportunity to create a foundation that is strategic, credible, and scalable from day one. Since you've been deeply involved in Rotary structures (and foundations) in South Jersey, I'll outline this with practical governance and compliance steps that will work in New Jersey.

Below is a phased, realistic startup plan.

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## Phase 1: Clarify Purpose & Scope (First 60 Days)

### 1. Define the Mission (Keep It Focused)

Decide whether the foundation will:

- Support only district-wide signature projects
- Fund large multi-club regional initiatives
- Act as a matching/grant vehicle
- Serve as an endowment builder
- Or all of the above (with defined funding streams)

#### **Recommendation:**

Start with a clear focus such as:

“To fund and administer large-scale, high-impact service projects within the geographic area of the newly combined Rotary District, beyond the scope of individual clubs.”

Clarity prevents mission creep.

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### 2. Decide Legal Structure

Most likely structure:

- **New Jersey nonprofit corporation**
- Apply for **501(c)(3)** status
- Independent EIN
- Separate bank accounts
- Separate governance from district leadership (but aligned)

Avoid:

- Operating under an existing club foundation
- Informal “district account” arrangements

Large donors will require formal structure.

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## Phase 2: Governance Structure

### 3. Create a Founding Board

Best practice:

- 7–11 members
- Geographic balance (North + South representation)
- Financial expertise
- Legal expertise
- Major donor experience
- Past District Governors (limited number)

Avoid making it purely political.

Include:

- Clear bylaws
  - Conflict of interest policy
  - Gift acceptance policy
  - Investment policy
  - Grantmaking guidelines
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### 4. Separate Roles Clearly

The foundation board should:

- Control funds
- Approve grants
- Oversee investment

The district should:

- Recommend projects
- Promote fundraising
- Identify needs

Separation protects credibility.

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## Phase 3: Financial Framework

### 5. Decide Funding Buckets

Consider creating three designated funds at launch:

1. **District Impact Fund** (annual large projects)
2. **Disaster/Response Fund**
3. **Endowment Fund** (long-term sustainability)

Keep it simple at the beginning.

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## 6. Initial Fundraising Strategy

Start with:

- Leadership gifts from past district governors
- Charter donors at \$5,000–\$25,000 levels
- A Founders Circle recognition tier

Then:

- Launch at District Conference
- Major gift conversations first (not public appeals)
- Position as transformational impact vehicle

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## Phase 4: Early Signature Project

Nothing motivates giving like a clear, tangible project.

Select:

- 1 high-visibility regional initiative
- Something measurable and media-worthy
- Multi-county impact

Examples:

- Large-scale food insecurity initiative
- Mental health program partnership
- Regional youth workforce development initiative
- Disaster preparedness equipment fund

Avoid starting with 10 small grants.

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## Phase 5: Compliance & Infrastructure

### 7. Legal & Administrative Setup

You will need:

- Articles of Incorporation (NJ)
- Bylaws
- 1023 (IRS 501(c)(3) application)
- NJ charitable registration
- D&O insurance
- Accounting software
- Independent annual review (once funds grow)

If assets exceed \$500k–\$1M, plan for annual audit.

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## **8. Investment Policy**

If building endowment:

- Use conservative investment policy
  - Establish spending rule (e.g., 4% annually)
  - Consider Vanguard institutional account (given your prior experience with foundation accounts, make sure it is properly structured from day one)
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## **Phase 6: Branding & Positioning**

Since Rotary branding matters:

- Clear name: “Rotary District \_\_\_ Foundation”
- Distinct logo but Rotary-aligned
- Dedicated webpage
- Clear donation portal
- Transparent reporting

Trust drives giving.

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## **Phase 7: 12-Month Timeline Example**

### **Months 1–3**

- Steering committee
- Draft documents
- Legal incorporation

### **Months 4–6**

- File 501(c)(3)
- Board recruitment
- Quiet fundraising

### **Months 7–9**

- Announce publicly
- Launch Founders Campaign

### **Months 10–12**

- Fund first major project
  - Public impact report
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## **Key Strategic Advice**

1. Start lean — complexity can grow later.
2. Protect governance integrity from district politics.
3. Prioritize major donors over small donations at launch.
4. Create something clubs feel proud to support.
5. Communicate impact constantly.

**Respectfully submitted,**

**John Cosgrove**

**Chair**