

**ROTARY CLUB 29 FOUNDATION
SPENDING POLICY
AS AMENDED _____, 2021**

1.1 SUMMARY

The Rotary Club 29 Foundation (the “Foundation”), an Oklahoma not-for-profit corporation, in accordance with its Certificate of Incorporation and Bylaws, has adopted the following policy statement (the “Spending Policy”) for the purpose of describing how the assets of the Foundation are to be used in support of the mission of the Foundation and to support the philanthropic projects of the Rotary Club of Oklahoma City (the “Club”).

1.2 GOALS

The goals of this Spending Policy are as follows:

- 1) To enable the distribution of cash for the purpose of meeting the purposes and intents of the Foundation;
- 2) To protect the value of the Foundation’s assets against inflation and to provide continuing growth in the level of support available for the charitable activities Rotary Club of Oklahoma City;
- 3) To leverage distributions of Foundation funds by maximizing the use of matching funds available from the Rotary Foundation, Rotary District 5750, and other potential sources; and
- 4) To conform with the objectives of the donor with respect to restricted funds held by the Foundation.
- 5) To raise the visibility of the Foundation and its impact, to support the growth of its endowment corpus through the Legacy Fund and other such initiatives.

1.3 GENERAL LIMITATIONS

All distributions of funds of the Foundation will be subject to the ultimate control of the Board of Directors of the Foundation (“Board”). No distribution of Foundation funds shall be authorized except as approved by the Board. While the Board will fully consider any request for distributions made by the Club in accordance with this Spending Policy, the final decision regarding all such distributions shall be made by the Board. No distribution shall be made if the effect of such distribution would adversely affect the tax status of the Foundation.

1.4 BOARD DESIGNATED FUNDS

All funds held by the Foundation shall be designated by the Board as Short-Term Unrestricted Funds, Short-Term Restricted Funds, Long-Term Restricted Funds, and Endowment Funds. All funds shall be invested in accordance with the Foundation’s Investment Policy (as adopted and

amended from time to time by majority vote of the Foundation Board), and shall be subject to distribution in accordance with this Spending Policy.

A. Short Term Unrestricted Funds are funds received by the Foundation without restrictions on use, and the Board may designate and distribute such funds for any purpose approved by the Board. These funds include, for example, receipts from 25 for 29 until they are designated by the Board for Endowment or some other purpose, as well as birthday contributions, and other unrestricted donations. These funds would typically be the source for payment of all administrative and investment management expenses.

B. Short Term Restricted Funds also known as Designated Funds, include any funds received by the Foundation for a designated purpose which will be utilized for that purpose within a short-term horizon. These include, for example, OnePledge funds received and held by the Foundation until expended for specific service projects, and receipts from weekly basket collections until expended for specific service projects. The Board may transfer Short Term Restricted Funds to Long Term Restricted Funds and vice versa.

C. Long Term Restricted Funds include any funds received by the Foundation for a designated purpose, which the Board chooses to invest with a long-term horizon. For example, funds designated for maintenance of the Rotary Fountain next to the Downtown Library may be invested long term until the Board determines whether they should be moved to short term investments in anticipation of major repairs. As another example, funds donated to the Foundation for use only in international projects may be invested long term until the Board determines that they should be moved to short term investments in anticipation of expenditures for specific international projects.

D. Endowment Funds include any unrestricted funds designated by the Board for long term investment. Such funds shall be held for the purpose of providing a perpetual source of support for Foundation purposes, and shall be disbursed solely in accordance with this Spending Policy.

1.5 RESTRICTED FUNDS

The Foundation may accept donations subject to restrictions imposed by the donor, but no donation shall be subject to donor-imposed restrictions other than as specifically approved by this Spending Policy, Gift Acceptance Policy or by the Board. Except as provided in this Spending Policy, no donations subject to donor-imposed restrictions shall be accepted until the Board has determined that such restrictions are consistent with the purpose, mission statement, and goals of the Foundation.

The Foundation may, without further action by the Board, accept donations made by the Club or by members of the Club subject to restrictions consistent with fund-raising efforts of the Club intended to benefit specific programs approved by the Board of Directors of the Club, and the Gift Acceptance Policy. This would include, by way of example but without limitation, the annual Club project, disaster relief projects, weekly pocket-change collections designated for specific purposes, and payments made to the Foundation to be held for subsequent distribution to the Rotary Foundation.

Funds received by the Foundation subject to donor restrictions approved by the Foundation shall be Restricted Funds, and shall be disbursed in accordance with the restrictions imposed on such funds by the donor and accepted by the Board. Restricted Funds shall be invested as Short-Term Funds, unless the Board directs such funds shall be invested as Long-Term Funds.

1.6 BUDGET

In each fiscal year, at its first meeting the Board shall adopt a budget for that year. The budget shall show projected sources of revenues for the year and projected expenditures and grants for domestic and international service projects, investment management fees, and general and administrative expenses. The Board shall ensure that Short Term Unrestricted Funds and Short Term Restricted Funds are sufficient to meet short term obligations.

1.7 ANNUAL ALLOCATIONS

For the purpose of meeting the goals stated above, the Foundation will allocate funds each year to be available for distribution in support of the charitable activities of the Club. The amount allocated each year (the “Annual Allocation”) shall be a) four percent of the trailing average market value of the Endowment Funds at the end of the 12 quarters preceding the year of allocation, plus the annual distributions to the Foundation calculated and made by the Oklahoma City Community Foundation and the Leonhardt Trust, according to their own distribution policy. For purposes of this computation, any funds held by the Oklahoma City Community Foundation and the Leonhardt Trust for the benefit of the Foundation, whether or not shown on the Foundation’s balance sheet, will be excluded from the average market value of the Endowment Funds.

The goal of the Annual Allocation is to put a) 50% in the Domestic project fund to be spent on projects in the Oklahoma City metropolitan area or other projects within the United States; and b) 50% in the International project fund to be spent on projects outside the United States. Any funds from the Annual Allocation which are not expended in the year of allocation for their designated purpose shall be designated or placed into Endowment Funds.

However, in the event that funds are approved for a specific project, but have not been spent at the end of the fiscal year, such funds will remain obligated for the specific purpose and shall be designated as a Short Term Restricted Fund.

The Annual Allocation may be increased pursuant to Section 1.10.

These allocation objectives are guidelines, not requirements. However, the Foundation will seek to meet these objectives, if not annually, then over time, and will encourage the Club to assist in meeting these objectives.

1.8 REQUEST FOR DISTRIBUTION

The Annual Allocation will be available for distribution in support of the charitable activities of the Club. Requests for distributions may be made by the Club Board at any time, and shall include a description of the project, a statement of whether there are Rotary Foundation, District matching funds or any other matching funds, available and the status of any request for such funds, and such other information regarding the proposed use of funds as the Foundation Board of Directors may require. Requests for distribution shall be subject to approval by the Foundation Board.

It is anticipated that the focus of the Club's charitable activities will vary from year to year, as circumstances and opportunities change, and that over time, the Club will support a variety of local, international, and disaster relief projects, consistent with the Goals of this Spending Policy and the Mission of the Foundation.

1.9 DISASTER RELIEF ALLOCATIONS

Addressing the need for assistance in disaster relief is a priority for Rotarians. The Foundation's Spending and Investment policies are designed to provide a source of funding to assure the long-term availability of resources to meet future disaster relief needs. It is also the Foundation's objective to assure that use of Foundation assets for disaster relief purposes is consistent with the objectives of the Club.

Requests for support of disaster relief projects may be made by the Club Board of Directors at any time. The requests shall include a description of the project, a statement of whether there are Rotary Foundation or District matching funds available and the status of any request for such funds and such other information regarding the proposed use of funds as the Board may require and shall be subject to approval by the Board. The amount available for Foundation Disaster Relief for any specific project will be in addition to donations of the members of Club 29 to such project. As a guideline, for any specific disaster, the Foundation will seek to match dollar-for-dollar the amounts contributed by Club 29 members. Following review of a request from the Club, the Foundation may grant additional funds. Except as noted below the Board will not distribute unrestricted funds for disaster relief in any fiscal year in excess of two percent of the trailing average market value of the Endowment Fund at the end of 12 quarters preceding the year of allocation.

However, the Board may approve increasing disaster relief spending up to four percent of the trailing average market value of the Endowment Fund at the end of 12 quarters preceding the year of allocation in the event of extraordinary disaster needs in Oklahoma.

1.10 AMENDMENTS AND SPECIAL DISTRIBUTIONS

Amendments to this Spending Policy require approval by two-thirds of the members of the Board.

Distributions or allocations in excess of those permitted under this spending policy require approval by two-thirds of the members of the Board.

In no event shall this Spending Policy be amended, modified, or terminated, and no special distribution shall be made, if the effect of any such action would adversely affect the tax status of the Foundation. The Board may, require an opinion of tax counsel as a condition to the adoption of any such amendment, modification, or termination or the disbursement of such special distribution.

This Spending Policy was reviewed and unanimously approved by the Directors of the Foundation by consent as of _____, 2021.

Ann Ackerman
Foundation Board Chair