

## Frequently Asked Questions: Sunrise Rotary 21<sup>st</sup> Century Foundation

### **1. What is the SR 21<sup>st</sup> Century Foundation ?**

It is a 501(c)3 corporation which means it is eligible for receiving tax deductible donations. Further, it acts as a financial institution with certain fiduciary responsibilities and has specific by laws which specifies how it is organized and run.

### **2. Who are its members and how is it governed?**

All members of Sunrise Rotary are automatically members of the foundation. It is governed by a 7 member Board of Directors, each of whom has to have been members of Sunrise Rotary for a minimum of 3 years. Also aside from the immediate past president and president elect of Sunrise Rotary, board members may not be board members of the Sunrise Rotary. This is to ensure independent management.

### **3. I don't understand how the foundation operates, can you explain?**

The foundation acts as the bank or asset manager of funds which are raised by the club, donated to the foundation by bequests or gifts or transferred from the club's account. These funds are destined for the club's Short and Long Term Projects.

The board of the club recommends to the foundation how the funds of the foundation are disbursed. The foundation independently approves the actual disbursements. However, it is unusual that the foundation changes the disbursements. If it does, it is usually because the recipient of the funds is not a eligible recipient (such as a 501(c) 3 corporation).

### **4. How does the foundation handle all the different areas to which it disburses money?**

The foundation acts as a bank or asset manager, keeping separate accounts or sub-accounts for each use or project.

For example, its Long Term Funds designated for "Young Voices" are actually held at the *Fairfield County Community Foundation*, which manages the funds under contract with the foundation which contract reflects the restrictions of those funds agreed to when the relationship was established.

The foundation treasurer is responsible for managing the cash held by the foundation.

**5. What happens if and when the club recommends a different use of foundation funds?**

Assuming the use or project is an eligible one, the foundation will set up a separate accounting for each use.

**6. I don't think that the current uses that the club has determined are appropriate, what can I do to change them?**

The uses and projects that the club has recommended and that the foundation has funded have a history. You should understand the history. Once you understand the history, you can approach the appropriate club committee to recommend changes. Anyone on the club or foundation board should be able to assist you.

**7. I don't understand, I thought the foundation decided where to allocate the funds. Can you explain?**

Let's take the funds which are given to local charities. The club's Charitable Giving Committee seeks recommendations from club members for eligible recipients. Once it has a target list, it approaches the charities and gives them an application. Once the local charities have submitted a completed application to the committee detailing the amount of the requested contribution and description of the project, the committee members evaluate the applications and make a recommendation to the club board. Once approved, the club board submits it to the foundation. The foundation then reviews the charities to ensure they qualify for foundation disbursement.

When approved, the foundation treasurer disburses the funds in accordance with the recommendations of the club.

**8. I understand how charitable contributions work, but I don't understand what Young Voices is and how that works. Can you explain?**

A number of years ago the club recommended that the foundation set up Long Term Capital Funds and recommended it invest such funds until the funds reached \$100 thousand. Once at that level, it further recommended that the foundation distribute the available income from those funds to projects recommended by the club's Young Voices Committee.

The foundation board, on recommendation from the club members decided to invest the funds with the Fairfield County Community Foundation, with the stipulation that no funds could be distributed by FCCF unless and until the total funds with FCCF were in excess of \$100k.

The idea behind the capital funds was that the club could support multi-year projects which comply with the mission of Young Voices.

Because of the FCCF's fiduciary responsibility, the foundation must formally request the FCCF to allocate funds for the desired Young Voices use. FCCF ensures that the project in fact does meet the tests determined by the Young Voices mission and that all other restrictions have been met and then releases the funds.

**9. What happens if the club wants to change the purpose of the capital funds?**

The club board can change the purpose and administration of **new** long term funds and recommend the Foundation Board to act accordingly. However, the existing funds which were donated to FCCF with set stipulations cannot be altered.

**10. Why did we decide to use FCCF?**

FCCF offered the possibility to obtain other charitable funds which they also administer to support our Young Voices mission as well as professional management of the funds. Their fees are also deemed reasonable.

**11. If I have any other questions, who can I contact?**

Any foundation board member can be contacted.