

Lincoln Rotary Club #14 Foundation Policy Manual

As amended July 28, 2025

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I. MISSION STATEMENT

The Lincoln Rotary Club 14 Foundation (sometimes Foundation) is a not-for-profit Nebraska corporation, chartered in 1997 to provide a source of support for the objectives of Lincoln Rotary Club 14 (sometimes Club 14 or Club). The Foundation enjoys tax exempt status under section 501(c)(3) of the Internal Revenue Code of the United States. The entity is organized to hold and manage assets which will hopefully increase in value over time through new contributions, earnings and careful superintendence of available funds. The Foundation is dedicated to "Service Above Self," the motto that guides the activities of Rotary clubs throughout the world. The Foundation's vision for the future includes civic and financial support for the Lincoln/Lancaster County, Nebraska, community and beyond through support of selected projects that reflect the aims and goals of Club 14.

II. ASSET ACCEPTANCE POLICY

- A. The money and property of the Foundation will be known as the “Foundation’s Fund” or simply the “Fund.”
- B. General solicitation of contributions for the Fund shall be approved by the Foundation’s Board of Directors (the Board or Foundation Board).
- C. The aims and objectives of contributors shall be a high priority. Every effort will be expended to realize maximum charitable use of all contributions received.
- D. The Fund will accept both restricted and unrestricted contributions. Such contributions may include cash, securities, personal property and real property. The Foundation, at its sole discretion, acting through its Board, reserves the right to reject or return at any time, any contribution or proposed contribution of any description.
 - 1. Securities must be readily marketable and will, in the usual course of events, be immediately marketed. Valuation for tax purposes will strictly comply with federal and state law.
 - 2. Other personal property must be readily marketable and manageable without hardship or undue expense to the Foundation. Valuation for tax purposes will strictly comply with federal and state laws.
 - 3. Real estate will be accepted only after on-site inspection, evidence of marketable title without unacceptable encumbrance and proof that the real estate is free from environmental issues or limitations or marketability issues of any kind or description. A qualified appraisal obtained at donor’s expense must accompany the transfer of title of real property and valuation for tax purposes will strictly comply with federal and state law.
- E. Bequests and devises of any size will be accepted subject to the standards outlined in D (1), (2), and (3) above.
- F. The Foundation will accept endowments that further the aims and objectives of Rotary International and Club 14. Scholarships, ethics, youth and senior citizen projects are, and have long been, a priority interest of Club 14. Donors wishing to endow a named scholarship may do so. Endowments for specific purposes and projects will also be received, especially those benefitting primary and secondary education, youth and senior citizen activities and ethics education for all individuals in society. An endowment for a specific purpose must be sufficient to fund or help fund a proposed and approved program or project, but it should not be less than \$25,000 and be fully paid within a five-year period prior to commencement of the program or project unless a longer time or lesser amount is approved by the Board.

III. ASSET INVESTMENT POLICY

- A. The Fund includes the assets of the Foundation's restricted accounts and unrestricted accounts. Specifically, the investment policy has been formulated to provide the following:
1. A clear understanding on the part of the Board, the Foundation's Investment Committee and staff and the Investment Manager as to the investment objectives, guidelines and expectations relating to the Fund.
 2. A basis for the Board to monitor the investment process and evaluate the performance of the assets under management of the Investment Manager.
- B. The Board, with assistance from the Investment Committee and the Investment Manager, will be responsible for the following:
1. recommending the selection of an Investment Manager for final approval by the Board.
 2. establishing reasonable investment objectives.
 3. developing sound and consistent investment policies.
 4. monitoring and evaluating investment performance.
 5. reviewing the investment policies on an annual basis, or more often if conditions warrant.
- C. The Investment Manager will be responsible for recommending investment decisions regarding the assets of the Foundation and will be accountable for the objectives and expectations set forth in this Investment Policy. Within the framework of the guidelines and restrictions set forth herein, the Investment Manager will exercise investment discretion. The investment manager is responsible for:
1. communicating with the Investment Committee and through them to the Board on all significant matters pertaining to the investment of the Fund.
 2. providing the Board and the Investment Committee with monthly, quarterly and annual reports of account holdings, transaction activity and performance reviews.
- D. The Foundation's goal is to keep the inflation adjusted purchasing power of the Fund whole through the years. This can be accomplished both by investing wisely and by controlling spending from the Fund.
- E. The Investment Policy adopted by the Board and the Investment Committee provides that the organization will follow the "Prudent Man Rule" when making investment decisions and will invest to obtain the best returns available consistent with the goal of maintaining quality and protecting value. In making such investments, political, environmental or social issues should be considered but cannot be a controlling consideration.

- F. Market risk is viewed as the long-term erosion of capital with the possibility of a high degree of fluctuation in the value of the Fund over a full-market cycle of approximately five years. The Investment Manager should not attempt to anticipate and take advantage of market swings.
- G. Based upon historic results and future expectations, equity investments are expected to produce a higher total rate of return for the Fund than will fixed-income investments over long periods of time. In order to achieve the Foundation's goals and to provide for regular income and liquidity, the Board has established policy ranges for the Fund investment mix:

	<u>Range</u>	<u>Target</u>
Fixed Income Investments	20% - 35%	30%
Equity Investments	55% - 70%	65%
Cash Reserves	0% - 10%	5%

- H. The Permanent Equity Portion is to be invested in a planned mix of large, medium and small company stocks and stock funds, both foreign and domestic. This fund may also include investment in or retention of real estate when appropriate and sound opportunities are available but it is not contemplated that investment in real property would occur except in rare circumstances.
- I. The Permanent Fixed Income Portion will be maintained in readily marketable debt securities having a Standard & Poor's rating of "A" (or equivalent Moody's rating) or higher, and securities of, or guaranteed by, the U.S. Government, its agencies or instrumentalities. The Permanent Fixed Income Portion will be held in laddered maturities appropriate to the size distribution of the portfolio.
- J. The Short-Term Cash Portion will be kept invested daily to maximize income.
- K. Equity investments are to be established based on potential for above-average returns over the long term from investment quality and growth-oriented common stock and/or mutual funds. In general, common stock or mutual funds which invest in companies with positive and growing earnings, apply a conservative use of debt and provide ample market liquidity should be selected.
- L. With the exception of cash reserves, the portfolio is to be invested long-term, which is defined as approximately a five-year period. Mutual funds should not be purchased with the intent of attaining short-term gains. Mutual funds may be traded to improve yields, quality, maturity dates or composition of the portfolio. Trades should be based on prudent investment strategy.
- M. Fixed income investments should be invested in readily marketable debt securities having a Standard & Poor's rating of "A" (or equivalent Moody's rating) or higher, and securities of, or guaranteed by, the U.S. Government, its agencies or instrumentalities.

- N. The maturity of debt securities included in the fixed income funds selected will be in the discretion of the Investment Manager. Investment maturities shall be laddered where possible to spread the market risk on fixed income. Certificates of Deposit may also be used as a fixed income investment.
- O. The Investment Manager may maintain reserves and cash equivalents in such amounts as are necessary. Unless otherwise approved in advance by the Investment Committee and the Board, the investment of reserves and cash equivalents shall be invested in United States Treasury obligations or other conservative money market mutual funds.
- P. No investment shall be made that would result in the denial of the tax exemptions provided by section 501(c)(3) of the Internal Revenue Code.
- Q. No investments should be made in funds investing in venture capital, letter stock, short positions, calls, puts, futures, commodities, oil and gas properties or derivative investments.
- R. Portfolio performance will be reviewed by the Board on an annual basis emphasizing adherence to the objectives and guidelines established in this Investment Policy. Equity and fixed income funds will be analyzed in consideration of the effects of market cycles due to the long-term nature of the investments.

IV. EARNINGS, GROWTH AND DISBURSEMENT POLICY

- A. This Earnings, Growth and Disbursement Policy, which will become effective on July 1, 2010, provides an overall guide for the disbursement of earnings and for long-term growth of the Foundation's Fund.
- B. It is the goal of Club 14 and the Foundation to build the long-term value of the Foundation's Fund as well as to finance selected projects with a portion of each year's Net Asset Value Growth (NAV) of the Fund.
- C. Annual NAVG (or loss) will derive from new contributions, income from interest payments, dividends, capital gains (or losses) realized upon the sale of a security or other asset, rents, profits of any name or nature realized from any investment vehicle of any kind in the Fund, plus or minus unrealized gains or losses in Fund assets but minus authorized corporate expenses and disbursements from the Fund. An annual NAVG calculation shall be made for all Fund assets as opposed to a calculation for individual accounts within the Fund. Accordingly, net asset value (NAV) is the total value of the Fund at the end of each year after payment of all authorized expenses and disbursements. NAVG and NAV will be determined annually upon completion of the Foundation's corporate year.
- D. Requests for consideration of disbursements from the Fund may come from the Club 14 Board or the Foundation Board. In all cases, the Foundation Board must approve applications for and disbursement of Fund assets. Annual disbursements, other than for Board authorized operating expenses and certain disbursements as discussed in Policy V.A., will be based, unless otherwise permitted under this Policy, upon an annually established maximum payout rate of up to four percent. An Annual Payout Spending Limitation (APSL) will be calculated immediately after the completion of the corporate year by averaging the NAV for the three preceding Foundation years and multiplying that averaged value times an annually adopted payout rate of up to four percent.
- E. Annual unused APSL and unused amounts from major fundraising events as discussed in Policy IV.H. will accumulate from year-to-year if not used. This will make it possible for the Club and Foundation Boards to limit annual disbursements in order to build a more significant available amount to support major projects. Accumulated unused APSL and unused major fundraising event amounts will be separately accounted for and will remain available to the Boards for projects requiring more than one year of APSL/fundraising payouts.
- F. Distributions from the Fund may be used for any purpose deemed appropriate by the Club and Foundation Boards, provided the purpose meets section 501(c)(3) tax guidelines and fulfills the mission, purpose and philosophy of the Club and Foundation. Any remaining NAVG, over and above unused APSL and unused major fundraising amounts shall be retained in the Fund to build future earnings and provide growth of the Fund. However, when annual NAVG is minimal or negative, authorized annual payout obligations such as, but not limited to, scholarships, educational awards or similar binding commitments, may be paid from Fund principal. Such deficits or losses in principal shall be replenished, as necessary, from future annual APSL amounts.

- G. Although there are no restraints on the full use of the calculated APSL amounts on a yearly basis, it is recommended that the Boards consider major projects that will require multiple year planning versus spending the APSL amounts on a number of small projects during each calendar year. Embracing the philosophy of the general guidelines of this disbursement policy will ensure the Club's ability to fund major projects and build a larger Fund for future generations.
- H. A significant amount of Rotary 14 Foundation assets is directly attributable to the many years of success of the Club's annual auction. In fact, most of the total amount of the scholarship fund was originally derived from the annual auction. Foundation assets continue to grow with support from fundraising events such as this. Current guidelines provide that fifty (50) percent of the net proceeds of all major fundraising events of the Foundation and the Club such as the previously held annual auction, the current Rise.Shine.Give event, and future fundraising events to be determined, will be retained by the Foundation to help build the unrestricted portion of the Fund. The remaining fifty (50) percent will be used as a primary funding source for Club 14 projects including the amounts designated for the annual fundraiser beneficiaries. At the conclusion of the fiscal year in which the fundraiser was held, any remaining amounts from the fifty (50) percent designated for Club projects will be carried over and will be available for future Club projects.

V. ALLOCATION OF FOUNDATION EXPENDITURES

- A. Rotary 14 Foundation's initial expenditure policy was tripartite in nature. First, previously accumulated assets dedicated to Club 14's long-existing scholarship programs were transferred to the Foundation for investment and administration. The same is true for assets directed to the Miller Mathematics Award. The scholarship and math award selection process remains a Club responsibility with the Foundation Board's approval. Second, the Foundation became the vehicle to create a centennial fund of \$100,000 to support a community project in honor of the Club's one hundred years of service to Lincoln and its environs. This goal has been met and was expended by the Club in 2010 upon the recommendation of the Club's centennial project selection committee and Club 14 and Foundation Board approval. Third, the Foundation has become a continuing conduit or pass-through agency for charitable disbursements in support of the Club's service projects, scholarship and educational awards and grants, annual fundraiser beneficiary grants, and other endowment and restricted fund obligations that qualify for use of section 501(c)(3) eligible assets. The Club's Project and Grant Evaluation (PGE) Committee continues to select and recommend these beneficiaries to the Club Board with further submission to the Foundation Board for final approval. The PGE Committee also works with the annual Fundraiser Committee as well as Club and Foundation representatives to select fundraiser beneficiaries qualified to receive 501(c)(3) eligible assets from the Foundation. Additional details regarding formulas for and limitations on disbursements for the above-listed programs, projects, grants, awards and obligations or subsequent endowments accepted by the Foundation per written agreement (i.e. Martin Legacy Fund and Hartmann Scholarship Fund) are described elsewhere in this Policy Manual and/or in the PGE Committee Description and Implementation Plan.
- B. As assets accumulate, the Foundation believes that a well-conceived, yet flexible, program of future charitable expenditures is needed. Such a program will provide long-range guidance in the use of the assets of the Fund. While there is no direct managerial connection between the Foundation and Club, there is an enduring and necessary symbiotic relationship that requires, as possible, mutual support and agreement in the formulation and execution of goals, programs, financial support and administration. In other words, the health and prosperity of the Club and the Foundation are dependent upon a transparent, wholesome, helpful and amicable relationship. The policies set out herein are dedicated to that proposition.
- C. The Foundation, Club 14 and its members, through support of and contributions to The Rotary Foundation of Rotary International (International), depend upon International for basic support of the Club's District, National and International goals and projects. The Foundation recognizes, however, that additional local Club expenditures and contributions are sometimes necessary to support some of the more geographically extended projects of the Club. Therefore, the Foundation may expend, if approved by the Boards of the Club and Foundation, up to ten (10) percent of the APSL amount to support District, National and International programs and projects. This amount may be accumulated from year-to-year and will be in excess of conduit or pass-through monies paid directly for International programs and projects from annual fundraiser proceeds or other funds directly solicited from Club 14 members for Polio Plus or for other similar projects.

- D. Scholarships and the Miller Mathematics Award have long been philanthropies of Club 14. Indeed, the long-range effectiveness of these programs, which predate the creation of the Foundation, were substantial factors in the forming of the Foundation. Presently, the Foundation has informally segregated discrete assets for these projects, the income from which is used to cover the annual cost of the programs. The selection of recipients is now and will in the future be carried out by Club committees under policies adopted and, if necessary, amended from time-to-time, by the Club. It is the plan of the Foundation to continue these projects and to pay their costs from income derived from the restricted and informally segregated assets for these programs or from the NAV of the Foundation, as may be necessary, so long as the programs continue to be section 501(c)(3) qualified. Since these informally reserved assets are part of the NAV discussed in Policy IV, it is the intent of the Foundation to apply to these programs the limitations of the payout policy set forth in Policy IV.D.
- E. Any individual, person or entity, as broadly defined, making an endowment to the Fund understands and agrees that any restrictions or uses of the Fund specifically agreed upon by the Foundation shall be continued until, in the judgment of the Board, it is no longer feasible or practical for legal or ethical reasons or due to a change of circumstances, to do so. At such time, the Fund may be distributed for other appropriate charitable purposes or uses as close as possible to donor's original intent, within the goals or mission of the Foundation.
- F. Approved Foundation expenditures for expenses in connection with Club 14 and Foundation projects or activities are allowable as long as the underlying projects and activities are consistent with the purpose and mission of Club 14 and the Foundation and otherwise meet section 501(c)(3) requirements.

VI. GRANT POLICY

- A. The Foundation intends to enrich the quality of life in Lincoln and Lancaster County by responding to emerging and changing needs and sustaining existing organizations and institutions through grants in support of the following areas of focus: (Refer to the PGE Committee Description and Implementation Plan for the priority of each.)
1. **Basic Needs** - The Foundation supports efforts to provide community members with essential needs such as food, shelter, medical care, and basic literacy and, further, support systems that assist all to reach self-sufficiency in these areas.
 2. **Children and Youth** - The Foundation supports programs and agencies that nurture the growth and education of community members and provides the assistance and models necessary for full adult participation in society.
 3. **Older Adults** - On the premise that the later years of life should be productive, healthy, useful, enjoyable, and challenging, the Foundation encourages and supports organizations that provide a variety of experiences created to enrich the lives of our older community members.
 4. **Environmental Enhancement** - The Foundation supports programs which provide opportunities for community members to improve upon the environment in ways that benefit present and future generations, including beautification, reforestation, recycling, resource conservation, reclamation, and recreation.
 5. **Family Issues** - Recognizing that the family is the basic unit of American communities and society, the Foundation seeks and supports efforts to strengthen and stabilize families and to create in all community members the understanding of the family as the seed bed of personal growth.
 6. **Human Diversity** - Recognizing that our community is one composed of people of diverse races, religious beliefs, ethnic origins, and physical abilities, the Foundation, within the boundaries of the Constitution of the United States, and without discrimination in favor of or against any individual or group, seeks and supports programs and organizations that are dedicated to equity of opportunity, as well as those who educate all in the values and joys of our similarities and differences.
 7. **Cultural Acts** - The Foundation supports programs and opportunities presented by organizations offering activities in the performing arts, visual arts, literature, and other areas of human expression, particularly those which encourage participation from all segments of the community.
 8. **Ethics** - Educational and other activities designed to enhance business, school and personal ethics have been a fundamental goal of Rotary since its inception. Accordingly, the Foundation supports these programs with particular interest and vigor.

- B. Grants are provided through discretionary grant funds created by contributions to the Foundation. All proposals demonstrating the promise of contributing to the welfare of the people of Lincoln and beyond are given careful consideration.
- Priority is given to requests which meet one or more of the following objectives:
1. they reach a broad segment of the community;
 2. they assist those whose needs are not adequately met by existing services;
 3. they partner with and or promote cooperation among various local agencies without duplicating services;
 4. they enhance or improve local agency self-sufficiency and effectiveness;
 5. they encourage matching gifts and additional funding from other sources.
- C. The Foundation does not limit grantmaking to a particular field or area of interest. Instead, the Foundation focuses upon the priorities noted above. Promoting access and equity is central to the Foundation's grantmaking policies.
- D. The Foundation receives many more worthy requests than it can support. The Board and Foundation committee members make judgments based on the ways in which a program impacts the citizens of the community.
- E. The Foundation only funds grant requests from qualified organizations that are defined as tax-exempt under section 501(c)(3) of the Internal Revenue Code and other such organizations recognized by the IRS as those to which gifts are tax-deductible.
- F. The Foundation will not make grants to any recipient that would jeopardize the Foundation's 501 (c) (3) status. Unless circumstances are extremely unusual, the Foundation prefers **NOT** to consider grants for:
1. sectarian purposes;
 2. political purposes;
 3. endowments to other entities;
 4. routine operating expenses for non-Rotary entities;
 5. budget deficits; and
 6. projects that require multi-year commitments.
- G. No awards or grants are made to individuals or organizations that invidiously discriminate on the basis of race, gender, age, disability, creed or ethnicity or that are part of the immediate family or household of members of Rotary 14 as such terms are defined in the Foundation's Conflicts of Interest Policy.
- H. Grant applicants are expected to complete Club 14's or the Foundation's Common Grant Application Form available from the Club's or Foundation's Executive Director. Additional contact and correspondence with Foundation staff and committee members, when necessary, will be conducted following preliminary review of proposals. Evaluation of projects funded by the Foundation may be required as a condition of the grant. Financial accounting of grant expenditures and regular narrative reports on grant-supported activities may also be required.

VII. OFFICER AND DIRECTOR NOMINATION POLICY

- A. The president of Lincoln Rotary Club #14 Foundation shall appoint a nominating committee of three Foundation directors.
- B. The Board of Directors will elect directors and officers of the Foundation at the annual meeting in July.
- C. At the January meeting, the chair of the nominating committee shall announce to the Board the number of open Board positions and request names from the Board of potential candidates for the Board. Also an announcement shall be made at the Rotary Club meeting that the Foundation Board is seeking nominations for the Foundation Board of Directors. The committee will also report to the Board those Board members eligible for a second term.
- D. The committee will select at least two candidates for each open Board position and submit these names to the Board at the April meeting. The nominating committee will outline the qualifications of the candidates including Rotary offices held, Rotary attendance and their commitment to the assets and goals of the Foundation. The Board will vote by secret ballot at the April meeting to select a winning nominee for each open position. The selected nominees shall be contacted prior to the annual meeting to ascertain if they are willing to serve if elected. Any selected nominee unable or unwilling to serve will be replaced by the alternate candidate for the particular open position or, if necessary, one of the other alternate candidates presented to the Board at the April meeting. The winning nominees will then be submitted to the Board for election at the annual meeting in July.
- E. Any member of Lincoln Rotary Club #14 in good standing will be eligible for consideration for Board membership but preference will be given to those who have served as a member of the Board of Directors of the Club and who have made contributions to the Foundation. Extra consideration will also be given to those with extensive background in Rotary 14 leadership activities such as being a past Club president or district governor.
- F. The officers of the Foundation, selected from the elected directors, shall consist of a president, a vice president, a secretary and a treasurer. At the April meeting, the nominating committee shall present to the Board a candidate for each office. The selected candidate for each position shall be contacted prior to the annual meeting to ascertain if he or she is willing to serve if elected. Any selected candidate unable or unwilling to serve will be replaced by an alternate candidate to be announced at the annual meeting. Other candidates for any office may also be nominated by any voting member of the Board at that time. When nominations are closed, an officer for each office shall be elected by written ballot unless only one nomination for the office is made. In that case, election may be had by voice vote.
- G. Although informal in nature and amendable by a majority vote of the directors, current policy has been that each officer's length of service in a particular office be limited to two successive years and that the vice president prepare for and advance to the office of president for purposes of enhancing Foundation continuity.

VIII. ANNUAL REPORT

The Foundation will obtain a financial audit or review each year conducted by a certified public accountant. Following the annual financial audit or review, the Foundation will publish an annual report. This report will be furnished to Club 14 so that the Club may, in its discretion, continue to acknowledge and publish new annual contributions in such manner, form and category as Club 14 may determine.

IX. AUDIT POLICY

The Foundation does not have an audit committee and, as such, the entire Board serves in this role. Responsibilities include:

- oversight of the Foundation's financial reporting process;
- review of significant accounting policies and the internal control environment;
- direct responsibility for the appointment, compensation, and oversight of the Foundation's external auditor or certified public accountant;
- review of the Foundation's annual financial statements with the executive director and the external auditor or certified public accountant; and
- review of any issues associated with the tax return.

Internal Control Environment

The Board recognizes the importance of having effective internal controls and record keeping in place. These include:

- keeping detailed books, records, and accounts which accurately and fairly reflect the transactions and dispositions of assets;
- maintaining a system of internal controls which provides reasonable assurances that grants, transactions and other expenditures are properly authorized and appropriately recorded; and that multiple people in the organization understand the flow of monies through the Foundation;
- providing sufficient information to the Board to give assurance that the Foundation's investment portfolio is being responsibly managed, consistent with applicable investment guidelines; and
- establishing a document retention policy that provides for the safekeeping of key Foundation documents and the prevention of their destruction upon receiving notice of a legal inquiry into the Foundation's operations.

Independent Audit or Review

Day-to-day financial operations are the responsibility of the executive director, with the exception of the investment portfolio, which is managed by a fiduciary organization selected by the Board. The Board selects an independent external certified public accountant to perform an annual audit or review and approves the payment terms.

The executive director routinely handles approved withdrawals and deposits and records all financial transactions. Each month, she sends the financial reports and reconciled bank statements to the Board President and Treasurer. Quarterly, she prepares these documents for presentation to the Board by the Treasurer.

At the end of each fiscal year, the executive director prepares a summary of all financial transactions and financial reports for the external certified public accountant. She will also respond to any specific questions or sampling requests from the certified public accountant.

Following the audit or review (usually by the second quarterly meeting of the fiscal year), the external certified public accountant prepares a final report and opinion for members of the Board. The Board may request to meet with the external certified public accountant to discuss the audit or review and/or other items.

X. CONFLICT OF INTEREST POLICY

Directors, Trustees and Committee Members

Any Club member serving as a Foundation officer or director, or a member of any committee of the Foundation who may be involved in a Foundation-related transaction in which there is a possible conflict of interest shall disclose said conflict (to be recorded in meeting minutes) and shall not participate in the discussion of or vote upon any existing or potential contract or upon any other funding that directly benefits said Club member or the immediate family of the member or upon any funding or grant request to or from any organization on which said Club member or a member of his or her household is (1) a Board member, trustee, director or officer; (2) a consultant or contractor to the organization; (3) actively involved in the formulation of the funding request; or (4) a management or executive employee of the organization.

Definition of Terms

As used herein, the term "immediate family" means the member's spouse, domestic partner, parent, grandparent, child, step-child, grandchild, step-grandchild, sibling, and the spouse or domestic partner of each. In addition, the term "household" means a domestic unit consisting of a family who lives together along with non-relatives.

XI. WHISTLEBLOWER PROTECTION POLICY

If any Club member or employee of the Club or Foundation reasonably believes that some policy, practice, or activity of the Foundation is in violation of law, a written complaint should be filed by that individual with the Foundation President or other officer of the Foundation.

It is the intent of the Foundation to adhere to all laws and regulations that apply to the organization and the underlying purpose of this policy is to support the organization's goal of legal compliance. The support of all members and employees is necessary to guarantee compliance with applicable laws and regulations. Members and employees are protected from retaliation only if they bring the alleged unlawful activity, policy, or practice to the attention of the Foundation and provide the Foundation with a reasonable opportunity to investigate and correct any alleged unlawful activity. The protection described below is only available to members and employees who comply with this requirement.

The Foundation will not retaliate against a member or an employee who in good faith has made a protest or raised a complaint against some practice of the Foundation, or of another individual or entity with whom the Foundation has a business relationship, on the basis of a reasonable belief that the practice is in violation of law, or a clear mandate of applicable public policy.

The Foundation will not retaliate against members or employees who disclose or threaten to disclose to a public body, any activity, policy, or practice of the Foundation that the individual reasonably believes is in violation of a law, or a rule, or regulation mandated pursuant to law or is in violation of a clear mandate or public policy concerning the health, safety, welfare, or protection of the community.

XII. RECORD RETENTION POLICY

The Foundation shall retain records for the period of their immediate or current use, unless longer retention is necessary for historical reference or to comply with contractual or legal requirements. Records, documents and correspondence outlined in this policy includes paper and electronic files (including e-mail) regardless of where the document is stored.

In accordance with 18 U.S.C. § 1519 and the Sarbanes-Oxley Act, the Foundation shall not knowingly destroy a document with the intent to obstruct or influence an "investigation or proper administration of any matter within the jurisdiction of any department or agency of the United States . . . or in relation to or contemplation of such matter or case." If an official investigation is underway or even suspected, document purging must stop in order to avoid criminal obstruction.

In order to eliminate accidental or innocent destruction, the Foundation has the following document retention requirements:

TYPE OF DOCUMENT	MINIMUM REQUIREMENT
Accounts Payable Ledgers and Schedules	7 years
Annual Meeting Records	7 years
Audit Reports	15 years
Bank Reconciliations	3 years
Bank Statements	3 years
Bylaws and Charter, Board Policies, Licenses, Permits, Patents, Trademarks, Copyrights, and Related Documents	Permanently
Checks (for important payments and purchases)	7 years
Contracts	7 years
Correspondence (general)	3 years
Correspondence (legal, tax and corporate important matters)	Permanently
Donor Records **	7 years
Grant and Scholarship Records (Funded)**	7 years (starting on the final payment date)
Grant and Scholarship Records (Non-Funded)	3 years
Insurance Policies (expired)	3 years
Insurance Records, Accident Reports, Claims	15 years
Invoices	7 years
Minutes	Permanently
Revenue & Expense Analysis or Schedules	7 years
Tax Returns and Worksheets	15 years

Year End Financial Statements	15 years
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**It is generally agreed that there is no need to keep paper records beyond their retention point. However, extended retention of electronic records for historical purposes is desired when feasible to help tell the story of the foundation's activity and impact.

XIII. DEFINITIONS

1. An **assignment** is a transfer of title to personal property.
2. A **bequest** is a transfer by Will of personal property to the Foundation.
3. A **contribution** is an assignment, bequest, conveyance, devise, donation or endowment of money or property of any description to the Foundation.
4. A **conveyance** is a transfer of title to real estate.
5. A **devise** is a transfer by Will of real estate to the Foundation.
6. A **donation** is a transfer of money or property of any description to the Foundation for an unrestricted purpose.
7. An **endowment** is a contribution for a particular, restricted purpose.
8. **Foundation** means the Rotary Club 14 Foundation, a not-for-profit Nebraska corporation qualified as a charitable entity under section 501(c)(3) of the Internal Revenue Code of the United States.
9. **Year** or **annual**, unless otherwise specifically indicated, shall mean or include the corporate year of the Foundation which extends from July 1 through the next June 30, inclusive.

XIV. AMENDMENT POLICY

The fairness and efficacy of the requirements of this policy manual shall be continuously monitored by the long-range planning committee of the Foundation. At least once annually, the committee shall discuss and review with the Club Board (or its designee or designees) any problems, omissions, additions, amendments, modifications or deletions recognized, suggested or contemplated by the Foundation or Club 14. Any additions, amendments, modifications or deletions agreed upon by the Foundation shall be formally approved by resolution of the Foundation Board.