

Rotary



**Rotary Club of Merced Sunrise &
Merced Sunrise Rotary Club Charity
Zone 26, District 5220, Area 8, Club 22798
PO Box 3262 Merced, California 95344
www.mercedsunriserotary.org**

Date: January 9, 2020
Time: 6:00PM
Location: Doncaster Court, Merced
Roll Call:

Officer	Title/Charge	Present	Absent
Pope Lawrence	President	X	
Doug Forte	President Elect	X	
Eric Moore	Vice President	X	
Mike Cuchna	Past President	X	
Eric Moore	Secretary	X	
Cristian Lopez	Treasurer	X	
Director			
Robert Garcia	Community		X
Steve Hobbs	Vocational	X	
Sam Traina	Club	X	
Regina Cherf	International		X
Butch Hughes	Youth		X
Chair			
Karla Seijas	Membership	X	
Donald Barclay	Foundation	X	
Sara Fleszar	Field of Honor		X
Michael Pavlović	Field of Honor		X

Guests:

Reference: Monthly Board Meeting

- 1. Call to Order:** Meeting called to order by Pope.
- 2. Approval of Agenda:** M/S/C, Steve/Doug/Aye.

3. **Approval of Prior Minutes:** No minutes taken since September 12, 2019. October 10, 2019 Board meeting consisted of DG meeting – no minutes taken. No Board meeting in November or December 2019.

4. **Leadership Reports.**

A. **President.**

1. **2019 Shrimp Feed Refund.** Pope brought to the Board's attention the prior “Dinner with Sheriff” auction item that was unable to be fulfilled. The Club previously attempted to remedy, but a full \$1,500 refund is now in order. M/S/C, Pope/Steve/Aye.
2. **Run for Fallen Payment.** Steve brought to Pope's attention the need to pay the race organizer – Buhach Colony HS Cross Country Team - the agreed-to \$2,000. There was discussion as to whether the payment was a donation or vendor service. Payment will be made to the high school – a 501c3 for these purposes, who will direct funds to the Team. M/S/C, Pope/Mike C/Aye. There is an issue about what authority the FOH Chair(s) have to operate or exceed their budgets and pay expenses in a timely manner.
3. **Rotaract Club Support.** Pope proposed sending Rotaract Club members to the Mid-Year Assembly in Stockton on January 25 and paying registration fees. The estimated cost is seven x \$35 for \$245. M/S/C, Pope/Steve/Aye.
4. **Bookkeeping Services.** Pope and Cristain met with Ron & Lorelei Stapp (active Club members) of Stapp Accountancy, Inc. about upgrading and standardizing Club bookkeeping and related services. A proposal was submitted (enclosed). Costs range from \$50/hour to \$160/hr depending upon complexity. No ceiling or limit was discussed. The goal is to upgrade Quickbooks to a current version and make it accessible to needed parties with training. Pope mentioned the Club is a volunteer organization and the goal is to empower current and future Boards with access to timely reporting. At issue is Club accounting is held on a single laptop using Quickbooks version 2009. The proposed solution would be a cloud-based data model accessible from anywhere by authorized persons. Eric stressed the importance of Treasurers having direct knowledge about Club accounting, banking and operations and that “outsourcing duties” is not a panacea. Eric also suggested the Club understand generally how many hours per month are needed to service the Club so that there were no surprises and cost overruns in the future. The need for a limit and bidding the work to another firm may be useful, as well as understanding annual subscriptions costs for using Quickbooks or an alternative. Sam made a motion that the Board first obtain a “migration cost” from Stapp Accountancy for a current version of Quickbooks and then a second “training cost” to teach Cristian and others routine use and access. M/S/C, Sam/Doug/Aye. Any ongoing service agreement is a separate matter to be approved later.

B. **Treasurer.** Cristian disclosed a Income/Expense Report and pointed-out some significant FOH activities. Cristian had some questions about absent members and outstanding balances.

C. **Secretary.**

1. **Membership Non-payment of Dues and Change of Status.** Eric noticed the Board of various members held as Active and Active - Leave of Absence (LOA). Eric made a motion to transition Wayne from Active to Honorary status based upon Wayne's inability to attend regular meetings and his profound impact across the community. M/S/C, Eric/Sam/Aye. Eric shared information about chronic absenteeism, LOA and payment of dues of certain members. The Board will endeavor to reach-out to address non-payment of dues and related status of extended LOA and sub-50% attendance issues with other members.

D. **Immediate Past President.**

1. **Vice President Elect.** Mike C fulfilled his duties to nominate Steve as next year's VP.

2. **Rotaract Club.** Mike C notified the Board that Rotaract will be present at the Mid-Year District Assembly in Stockton and that the Rotaract President will be speaking at the District Conference. Additionally, certain Rotaract members will be attending a pre-Convention and annual RI Convention in Hawaii this year. This includes hotel accommodations. Mike C also made a formal request to the District to support Rotaract in District events going forward.

3. **Kick-out Party.** Mike C will commence on this post Shrimp Feed.

E. **Vice President.**

1. **Speakers.** Eric asked for feedback on speakers and the speaker schedule. Members will bring forward ideas as always.

F. **President Elect.**

1. **Shrimp Feed.** Doug has a meeting planned soon – no issues so far.

G. **Club Service.**

1. **Gifts and Granting.** Building upon prior discussions, Sam advanced a few more suggestions for grant and gift purposes. Current annual fundraising hovers between \$50M and \$70M. A proposal was distributed to some, but not all of the Board members.

a. **Grant Panels.** Sam suggests two grant panels – one for restricted Field of Honor granting and another for unrestricted grants. These panels may be composed of five members, with not more than one relevant Board member serving on each, but non-Board members filling other seats and conducting due diligence. The central idea is to involve new members in participating in how monies are disbursed. These Panels would collect and evaluate grant and gift requests on a competitive basis

using an as of yet determined criteria. This underwriting process would proceed to the Board for final approval. The Club could proceed with a single Grant Panel. The Panel is envisioned to operate under the Club Service or Community Service Director.

- b. **Budget.** The Grant Panel should operate within a budget during its year. The Grant Budget may simply be divided into the restricted monies raised from the prior fiscal year Field of Honor and an unrestricted budget derived from the prior fiscal year's Shrimp Feed. These gross receipts would fund part of the President's Budget approved by the Club, but also set a ceiling on new grants to be made under this proposed process and the Club's approval of any budget. By example, for July 2020, a Grant Panel would start the year with a mandate to grant the overage from 2019 FOH: \$28,912.74 for veteran, first responder and active duty projects.
- c. **Frequency.** Sam suggests a semi-annual review process, perhaps timed six months forward the fiscal year/officer change – December and June, but operating from the current budget cycle so that the Club might accumulate enough applications, but operate under budget constraints.
- d. **Public Relations.** Sam identified the need to enhance Club communications. If the Club wants to make access to funds competitive and transparent with an enhanced grant process, then it needs to articulate timetables and requirements with the general public, including social media. This framework may compel new entrants to speak at the Club and report back their success. This task may need to be assigned to the Vice President, who already coordinates speakers schedules.
- e. **Prohibited Parties.** Sam recommended that there exist a prohibition to fund organizations that simply re-grant monies to other organizations; example, United Way. For-profits and government agencies would also be prohibited. However education may require some exception.
- f. **Enforcement.** Sam suggests a formal agreement between the grantee and grantor that require a report, speaking engagement and public acknowledgment as general terms and conditions. This will need further work and coordination.
- g. **Workflow.** The Club will need to invest in an on-line Dropbox function in order to manage information flow and retention. The current process would be; Public Relations communicates/markets grant Application availability, the Club/Charity hosts an open Application, those Applications are transmitted to the Grant Panel who perform all due diligence and communication during the semi-annual review process, the Grant Panel makes their independent recommendations on a competitive basis to the Board using a Board approved criteria, Board reviews budget constraints and approves or denies grant Applications as it sees fit.

- h. **Framework.** The Club is still positioned to use the RI Global Grants template for grant evaluation.
 - i. **Motion.** Sam made a motion for the Board to adopt the above subject understandings as part of a formal bylaws addenda and otherwise advance the matter from DRAFT to PENDING status, subject to final revisions. The current language is enclosed. The final policy and bylaw amendments will be subject to a Club vote and will likely not go into effect until July 1, 2020. M/S/C, Sam/Mike C/Aye.
2. **Pending Grant Requests.** Sam submitted six requests to the Board for review.
- a. **Castle Air Museum RV Park.** \$10,000. This matter was tabled. M/S/C, Pope/Doug/Aye.
 - b. **Merced County Food Bank and Other Non-FOH Requests.**
\$2,500 The Board already issued \$600, per the approved budget, so \$1,600 is extra. Pope wanted to issue more under his Discretionary Fund. Mike C was uncomfortable issuing more, even though there is need. Sam requested that the matter and all non Field of Honor grants be tabled so that he can determine which ad hoc grants may be covered by existing budget allocations. M/S/C, Sam/Doug/Aye.
 - c. **Veterans Court – Merced County Probation.** \$1,500. M/S/C, Sam/Eric/Aye.
- H. **Community Service.** Robert is presiding over a RCC Board meeting and was unable to attend tonight's meeting.
- I. **Vocational Services.** Steve noticed the Board for a visit to Bloodsource and Speech Contest in the near future.
- J. **International Service.** No Report.
- K. **Youth Service.** No Report.
- L. **Foundation.** No report.
- M. **Membership.** Karla is building an FAQ for new and prospective members.
5. **Next Meeting Date:** February 13, 2020, 6PM, Doncaster, Merced
6. **Pope adjourned the Meeting:** 8:28PM

Respectfully Submitted,
/Eric A. Moore/
Secretary (Acting)
February 5, 2020



Stapp Accountancy, Inc.

January 9, 2020

Pope Lawrence, President
Merced Sunrise Rotary Club
P O Box 3262
Merced, CA 95344

Dear Pope,

It was a pleasure meeting with you on Monday. You have asked our firm to provide you with a proposal for limited consulting services to assist you in evaluating the accounting operations of Merced Sunrise Rotary and analyze the effectiveness and efficiency of the various methods currently utilized.

We propose meeting with the responsible team members to discuss the current accounting/bookkeeping methods used, use flowcharting techniques, and gather computer documents to see how information is being processed through your current accounting system. We can discuss preliminary suggestions and concerns at that time in order to agree upon the direction needed to provide the Club with the most effectiveness and efficient system. As we discussed on Monday, our proposal will more than likely result in suggesting the following changes:

1. Converting QuickBooks to the online version for ease of use, remote access and individual user capabilities (with audit reports)
2. Automated Invoicing to members with options to pay online
3. Developing segregation of duties with dual oversight to provide proper internal controls
4. Creating a system that can easily flow from one treasurer to another with continued consistency
5. Developing a system that minimizes the amount of time it takes to deposit payments received as well as paying bills so that the club receives relevant and timely reporting.
6. Utilizing a "class" system in QuickBooks for more accurate reporting between "Field of Honor" and "Shrimp Feed" events.

In performing this proposed engagement, we will be relying on the accuracy and reliability of information provided by Merced Sunrise Rotary Club's volunteer personnel. We will not audit, examine, or review the information. Please also note that this proposed engagement cannot be relied on to disclose errors, fraud, or noncompliance with laws and regulations that may exist. The procedures we perform in our proposed engagement will be heavily influenced by the representations that we receive from Merced Sunrise Rotary Club's volunteer personnel. Accordingly, false representations could cause inaccurate findings and, therefore, inappropriate recommendations may be developed and critical recommendations may go unidentified. By signing this proposal you indicate you understand and accept responsibility for the accuracy and completeness of the information provided to us by Merced Sunrise Rotary Club's volunteer personnel.

We will give you recommendations on how to implement new structures for efficiency and effectiveness. The recommendations will be based on the continuing commitment of management. We will work with the volunteers

or employees of Merced Sunrise Rotary Club to help with the implementation. You will, of course, be free to follow or to disregard, in whole or in part, any recommendations we may make. You will be responsible for any and all decisions regarding implementation of the recommendations.

Because of the importance of oral and written management representations to the effective performance of our services, Merced Sunrise Rotary Club releases and indemnifies our firm and its personnel from any and all claims, liabilities, costs and expenses attributable to any misrepresentation by management and its representatives.

Our fees for this proposed work will be at our regular hourly rates for the individuals involved plus out-of-pocket expenses. Fees range from \$160 per hour to \$50 per hour depending on the level of service provided. Payment for services is due when rendered and interim billings may be submitted as work progresses and expenses are incurred. Billings become delinquent if not paid within 30 days of the invoice date. If billings are past due in excess of 30 days, at our election, we may stop all work until your account is brought current or withdraw from this engagement. If this proposal is accepted, Merced Sunrise Rotary Club acknowledges and agrees that we are not required to continue work in the event of failure to pay on a timely basis for services rendered as required by this engagement letter.

A separate engagement letter will be submitted for final approval upon acceptance of this proposal.

If this letter correctly sets forth your understanding of the terms and objectives of the proposed engagement, please so indicate by signing in the space provided below.

Sincerely,

Lorelei Stapp, CPA
Stapp Accountancy, Inc.

Proposal Accepted:

Pope Lawrence
Merced Sunrise Rotary Club

Date

Merced Sunrise Rotary
Proposed Policies and Practices for At-Large and Field of Honor Grants

Merced Sunrise Rotary is now generating in excess of \$X0,000 annually for its charitable activities. Historically the dollars raised through shrimp feed have been distributed to each of the Club's Area Directors for targeted programs in the four general areas of, vocational-, international-, community- and youth-services. However, the club has not routinely spent all of the funds appropriated for these areas for the last several, leading to surplus dollars at the end of each Rotary year. A similar problem exists for the Field of Honor (FoH). Since Inception, the funds raised by through this even have been dedicated to two areas: 1) current and former members of the U.S. military services and 2) current and former members of first responder services. The club is often unable to disperse the dollars raised though this event, leading to an excessive accumulation of funds in a savings account.

The successful fund-raising activities of the club are now well known throughout the region and this has led to a significant number of *ad hoc* and often unsolicited requests for funding from an array of organizations in the greater Merced area. While these are all typically good causes, these requests come to the club in an uncoordinated fashion throughout the year. The current grants requesting mechanism has led to the following problems.

- Our grant awards are not balanced between the four areas of service or the six causes of Rotary. Such imbalances are appropriate if they are intentional, based on the guidance of the club membership, but currently they occur more through happenstance.
- While every award is approved by the Board, they still tend to be approved on a "first come – first served basis" which makes it difficult to evaluate the relative merits of each award.
- Since grants requests are coming in an uncoordinated way, it is difficult to keep the club membership apprised of the funding decisions that are being made by the board. Note that these are often outside of the formal budget approved by the club membership at the beginning of each Rotary year. Thus, are current practices to not adhere to the club by-laws.
- Since our current form of awarding grant requests is influenced the order in which the requests are received (the first come - first served problem) or process lacks transparency to the community members who are ultimately the source of the charitable dollars that we raise every year.
- The FoH is supposed to have a formal, grants review panel that would evaluate all requests for funding and then provide a list of recommendations to the Board for consideration. This has not happened for the last few years.

This document proposes the following practices remedy the problems listed above.

1. The Club should recreate a grants review panel for the FOH that is comprised of a minimum of four club members. All requests for funding for FoH funds must be made through the Club's Grants Web page. The FoH grants panel will evaluate all requests for funding on a competitive basis, two times per year. These recommendations will be transmitted to the Board for consideration at the next Board meeting. Once approved by the board, the final list of awards for each funding cycle will be presented to the Club membership for approval at the next Club meeting.

All requests for funding associated with active or former military members of the military or of first responder organizations will be evaluated by the FoH grants panel.

An effort will be made to award fifty-percent of the FOH funds allocated for dispersal in each Rotary year, during each semi-annual funding period.

Any FoH grant funds not awarded in given year will be carried over into the following Rotary year and added to the total amount of dollars available for dispersal in that funding period.

2. The Club should create an "At Large¹" grants review panel that would review all external requests for all funds not associated with the FoH. All requests for funding must fall under one of the four areas of service or one of the six causes of Rotary to be eligible for funding. All requests for funding for must be made through the Club's Grants Web page. The At Large grants panel will evaluate all requests for funding on a competitive basis, two times per year. These recommendations will be transmitted to the Board for consideration at the next Board meeting. Once approved by the board, the final list of awards for each funding cycle will be presented to the Club membership for approval at the next Club meeting.

Each year the Club will allocate X dollars from its charitable savings account to be awarded through this At Large mechanism. An effort will be made to award fifty-percent of the funds available for dispersal each Rotary year, during each semi-annual funding period.

At the end of each Rotary year, any funds not expended by the Area Directors will be carried over to the next Rotary year and added to the total amount of dollars available to be awarded through the At Large mechanism in that new Rotary year.

¹ At large grants requests are those "unsolicited requests for charitable funds received throughout the year.

3. Organizations seeking either FoH or At Large charitable funds may apply for grant dollars throughout the year, however the Club will only consider these requests for funds and make awards two times per year as specified on the Club's grants website.
4. As a general rule the club will not consider requests for grant funds to: 1) for profit entities, 2) other charitable granting organizations² that aggregate donations and then regrant them to others in their name, and 3) government organizations.
5. All recipients of grant funds from Merced Sunrise Rotary must acknowledge the Club for its charitable contribution and if possible, provide a speaker for a Club Program after receipt of the funds. Failure to do so will make the recipient ineligible for any further funding from Merced Sunrise Rotary.

² The Club will partner with other charitable organizations if it has the opportunity to consider what causes its funds will go towards. For example, Merced Sunrise Rotary will partner with other Rotary clubs and other service clubs for specific causes at the approval of its members.