



FREQUENTLY ASKED QUESTIONS & ANSWERS FROM THE SRSF BOARD

Q1. *What is SRSF?*

A1. The Seattle Rotary Service Foundation (SRSF) was created as a separate not-for-profit organization to act as the recipient of Seattle #4 members' tax-deductible contributions, and to serve as the fiduciary manager of those funds. All Rotary Clubs raise funds each year to support their service missions. Most Clubs do so by collecting small donations at every meeting, hosting fundraisers that bring in money from the communities they serve, and relying on individual members to provide periodic large gifts. The Seattle #4 Rotary Club decided to simplify the process by asking members to make a single annual donation, rather than holding fundraisers and asking for multiple contributions. Like the funds raised by more traditional means in other Clubs, contributions by members to the SRSF are used to fund service projects undertaken by the Club and its members.

While the Seattle #4 Rotary Club and the SRSF are separate organizations, they work in tandem. Without funding from the SRSF, Seattle #4 would be less able to sustain its exceptional service record. This is why the annual contribution to the SRSF is part of the financial responsibilities new members accept when they submit a membership application. The SRSF collects Seattle #4 members' contributions each year, pools them together, and allocates them to projects sponsored by our club service committees, special projects and related expenses. The amount of funding available to fund these projects is directly related to the contributions made by Club members.

Q2. *How is SRSF different from the Rotary Foundation?*

A2. The Rotary Foundation of Rotary International (R.I.) is supported by ALL Rotary clubs, whereas support for SRSF is sustained almost entirely by Seattle #4 members.

Members now have an opportunity to consider making their annual contributions simultaneously on the SRSF's annual donation form that will include SRSF as well as a separate section to make their annual TRF contribution.. The goal is to simplify and clarify these two annual funds to Seattle Rotary Club members s. SRSF's campaign runs October-December 31 each year. Like the contribution to SRSF, the contribution to R.I. is an expectation of membership. New members currently agree to make an annual contribution of \$100 to R.I. Seattle Rotary Club has a goal of 100% participation in the TRF campaign because it tremendously increases the amount our Club can leverage in District and Global Matching Grants.

Q3. *What is the SRSF fiscal year?*

A3. The SRSF fiscal year runs concurrently with the Rotary year (July 1 - June 30).

Q4. *How does the giving campaign relate to the cycle for distributing funds?*

A4. SRSF's funding cycle spans two Rotary (July 1 – June 30) years. In late fall of Year 1, Seattle #4 Club members are asked to fulfill their financial obligation to the SRSF by making a contribution of at least the minimum contribution amount. While SRSF requests that contributions be made by December 31, additional contributions continue to come in through March 31 at which time the campaign officially ends for that given Rotary year. The amount raised through March 31 is considered the budget for purposes of funding Seattle #4 committee service projects and other activities during the next Rotary year, Year 2. Those funds are invested until June 30 of Year 1, while Club committees submit grant requests.

These grant requests for projects slated for Year 2 are ranked and submitted by the Club committees during February and March of Year 1. The SRSF board spends March and April of Year 1 reviewing the grant requests and makes decisions about how to allocate funds. The results of their deliberations are announced at the end of Year 1, in June. The funds are ready for distribution, as needed, to Club committees throughout Year 2. In some cases, funds may not be disbursed until after the end of Year 2. In particular, Winners for Life Scholarships awarded to high school students are typically not paid until they begin their first year of college, which is generally the year following the year in which the scholarship was awarded.

Q5. *How much did SRSF collect during the last Rotary year, and what did it budget for our Club's committee work during this Rotary year?*

A5. Between the beginning of the campaign in fall 2011 and March 31, 2012, the SRSF had received \$301,129 in contributions from Club members. The average gift per member was \$559.

While SRSF did receive additional contributions after March 31, the budget for SRSF activities for the 2012-2013 Rotary year was \$305,899. The board used that figure to approve a budget that allocated \$144,264 to committee activities, placed approximately \$90,000 in a reserve account to fund a major project related to education, and allocated the remaining expenses to SRSF operations and administrative costs. These expenses included the cost of a financial review of the SRSF, the costs associated with printing and mailing bills to Rotarians requesting their annual contribution, the reimbursement to the Club for the costs associated with the professional staff member assigned to administer to SRSF needs and the costs of materials used to promote the annual campaign during the year.

Detailed budget and financial information, grant guidelines and copies of SRSF policies are all available on the Seattle #4 website, in the section entitled "Service Foundation."

Q6. *What happens to those Rotarians who are unable to make a gift in the amount requested by the SRSF?*

A6. While all Seattle #4 Rotarians are members of the SRSF, and the SRSF aggressively solicits annual contributions from its members, the SRSF does not take any particular action if a member lets the Board know that they are unable to make their annual contribution or if the member makes an annual contribution to the best of their ability. However, the Seattle #4 Rotary Board may include a member's inability to meet his or her financial obligation to the SRSF as a part of its discussion about whether that individual is a member in good standing of the Club or should be asked to resign. Only the Club Board, and not the SRSF or its Board, has the power to grant or revoke membership in Rotary.

Q7. Does SRSF accumulate reserves? Why?

A7. The SRSF does keep the current year's contributions in reserve in order to fund the following year's budget. The SRSF Board has not considered it prudent to fund a current year's expenses from current income, since that income is not actually known until late in the fiscal year.

Q8. What is the Landmark Legacy Fund?

A8. This is a collection of donations restricted for the next "legacy project" of the SRSF. Over the years, with the power of the number of members, it has been the SRSF's practice to fund "big" projects. The first was building the Rotary Boys & Girls Club in 1954 at 19th & E. Spruce near Garfield High School. In the late 1970s, the Club provided seed money for both Medic One and Medic Two, a project which funded CPR training city-wide. For its 75th anniversary project, Seattle #4 raised over \$4 million to build the KCTS Channel 9 studios at the Seattle Center. The SRSF took part in this effort.

During the 1980s and 1990s, the Club funded the expansion of the Rotary Boys & Girls Club, provided seed money for construction of the teacher education center at the Pacific Science Center, for construction of the education center at Woodland Park Zoo, for constructing a community use building at the Salvation Army camp and for construction of a computer center built during the remodel of the Central YMCA. Recently the SRSF provided seed money for refurbishing the Rotary Boys & Girls Club and provided a \$250,000 endowment fund for the Club. Most recently, the SRSF supplemented the Centennial Campaign with \$800,000 toward construction of the Wellspring Family Services Center. In its first major community grant since the Club's Centennial, the SRSF awarded \$100,000 to the Puget Sound Blood Center to launch the new Seattle Rotary Genomic Blood Typing Program in 2012. Recently, SRSF awarded \$75,000 to Team Read's program to launch its first annual "Seattle Rotary Family Literacy Event"; and \$32,855 to Childhaven to fund the purchase of one new school van. These funds will be awarded for 2013. Donations to the Landmark Legacy Fund will be used on the next "big" project that the SRSF supports, whatever that might be. The Fund is classified as a temporarily restricted asset.

Q9. What is the Legacy Endowment Fund?

A9. This is a collection of donations restricted as permanent endowment for future operations. Currently, there is \$5,013 in the Fund, received last year. The fund will be invested for long term growth and a portion of the total return for the year will be used to

supplement the SRSF's programs. Please contact a Board member if you wish to add to this Endowment.

Q10. Why is grant and project funding so limited when total SRSF assets seem so large?

A10. Restricted assets and funds such as the RBGC building and associated permanent endowment funds constitute most of the SRSF's assets, but are not available for annual grants or projects.

Q11. What does it mean that funds are Permanently or Temporarily Restricted?

A11. In accordance with accounting standards, the SRSF reports gifts of cash and other assets as restricted if the donor specifies the use of gifts.

- Temporarily restricted assets are used up when a restriction as to purpose or time, required by the donor as a condition of gift acceptance, expires.
- Permanently restricted assets remain restricted in perpetuity. The original contribution may not be used to fund general activities. Instead, all or part of investment income generated by the funds must be used for the specified purpose of the endowment.

The SRSF has three Permanently Restricted Funds:

- **The John and Ann O'Neil Fund** was established in 1999 with a generous \$60,000 donation from the O'Neils. John is a long time Seattle #4 member. The O'Neil fund benefits the Rotary Boys & Girls Club.
- **The Rotary Boys & Girls Club Restricted Fund** was funded in May 2004 from funds raised in the previous two years from the SRSF members. The SRSF holds the Fund to ensure that it will benefit the Rotary Boys and Girls Club.
- The first donation to **The Legacy Endowment Fund** was received last year for \$5,000. The Fund was established by the Board to provide an opportunity for Seattle #4 members to support the future activity of the SRSF.

Q12. What's the story on the building?

A12. The building on the balance sheet is the Rotary Boys & Girls Club building on 18th and Spruce near Garfield High School. The land was acquired and the building constructed in 1954 as the Club's 50th anniversary project for use as the Rotary Boys Club. The building and property were donated by Seattle #4 to the SRSF for use as a recreation and support facility for Seattle youth in the Central District. The SRSF operated the facility until the late 1970s when the King County Boys & Girls Club took over operations.

In the late 1980s, the Club funded an expansion of the building including construction of a second floor which houses the Phil Smart Education Center. In 2003-04, the Club funded part of a large renovation program of the building. The property is leased at \$1

per year through 2024 to King County Boys & Girls Club as part of the SRSF's programs.

The Rotary Boys and Girls Club is known as "The Rotary" in the neighborhood and is a Seattle institution. Over the years it has become known as the place to go after school. Outside the neighborhood it is known for the great teen basketball teams that have competed on the national level and that have helped spawn professional sports careers.