

CHAPTER VIII – FINANCES

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66.010. Annual Report

The general secretary is requested to produce an annual report covering the accomplishments, administration, programs and finances of RI, including its Foundation, in English, Spanish, Portuguese, Japanese, French, German, Italian, Korean, and Swedish. *(May 2000 Mtg., Bd. Dec. 439)*

Source: February 1988 Mtg., Bd. Dec. 280;
Amended by May 2000 Mtg., Bd. Dec. 439

66.020. Audited Financial Statements

Audited financial statements shall be published in English and made available on the RI website. Additional copies of the audited financial statements shall be available to all Rotarians upon request. *(January 2013 Mtg., Bd. Dec. 141)*

Source: November 1990 Mtg., Bd. Dec. 199;
Amended by May 2000 Mtg., Bd. Dec. 439; June 2001 Mtg., Bd. Dec. 310; January 2013 Mtg., Bd. Dec. 141

66.030. Banking Procedures

66.030.1. Resolutions on Financial Accounts and Services

The Board regularly reviews and amends, where necessary, the “Resolutions on Financial Accounts and Services.” (*October 2019 Mtg., Bd. Dec. 76*)

Source: June 1997 Mtg., Bd. Dec. 401;

Amended by August 1999 Mtg., Bd. Dec. 117; November 2007 Mtg., Bd. Dec. 129; January 2011 Mtg., Bd. Dec. 170; January 2012 Mtg., Bd. Dec. 230; January 2013 Mtg., Bd. Dec. 180; July 2014 Mtg., Bd. Dec. 23; January 2016 Mtg., Bd. Dec. 143; January 2017 Mtg., Bd. Dec. 139; October 2019 Mtg., Bd. Dec. 76

66.030.2. Rotary Exchange Rates

The audited financial statements of Rotary International present the consolidated financial impact of the activities undertaken by the organization on a global basis. Because Rotary operates in different economic and currency environments, some transactions must be converted from the currency in which they took place to Rotary’s base currency for financial reporting, which is U.S. Dollars. Rotary adopts the following policy with regard to the translation of non-U.S. Dollar denominated transactions into U.S. Dollars.

1. Rotary International will establish the Rotary Exchange Rates for foreign currency translation
2. The exchange rates will be in compliance with US Generally Accepted Accounting Principles
3. The exchange rates will be sufficiently accurate to provide a clear picture of the operations
4. The general secretary, through delegation to the Chief Financial Officer, will be responsible for maintaining a procedure for the calculation and reporting of the exchange rates
5. The Finance Committee will from time to time review the procedure.

(*October 2018 Mtg., Bd. Dec. 71*)

Source: June 2017 Mtg., Bd. Dec. 197;

Amended by October 2018 Mtg., Bd. Dec. 71

66.040. Fiscal Agents

66.040.1. Audits of Fiscal Agents

Audits of RI fiscal agents shall be conducted by local public accounting firms. (*June 1998 Mtg., Bd. Dec. 348*)

Source: March 1994 Mtg., Bd. Dec. 208

66.040.2. Term of Appointment of Fiscal Agents

The office of a fiscal agent shall be for a period of two Rotary years with the provision that the fiscal agent may be reappointed on a biennial basis for a period not to exceed six years, unless the Board for practical reasons specifically approves otherwise. The fiscal agent shall countersign a copy of the letter of appointment specifying his or her term. *(June 2013 Mtg., Bd. Dec. 246)*

Source: February 1980 Mtg., Bd. Dec. 310;
Amended by June 2013 Mtg., Bd. Dec. 246

Cross-References

32.060.3. *Fiscal Agent Systems*

66.050. Contracts

The general secretary shall establish and maintain a policy for the review of contracts. The general secretary shall review contracts in accordance with the financial parameters established in the RI Policy on Contracts. *(January 2017 Mtg., Bd. Dec. 86)*

Source: November 2007 Mtg., Bd. Dec. 51;
Amended by May 2011 Mtg., Bd. Dec. 192; September 2011 Mtg., Bd. Dec. 34; January 2017 Mtg., Bd. Dec. 86

66.060. One Rotary Center Real Estate Management Policy

The Board has adopted a “One Rotary Center Real Estate Management Policy.” (November 2001 Mtg., Bd. Dec. 45)

Source: June 2001 Mtg., Bd. Dec. 439;
Amended by February 2002 Mtg., Bd. Dec. 229; June 2002 Mtg., Bd. Dec. 303

66.070. Administrative Services Agreement Between RI and TRF

The general secretary shall ensure that the renewal of the Administrative Services Agreement between RI and TRF occurs at least triennially. *(June 2020 Mtg., Bd. Dec. 194)*

Source: October 2015 Mtg., Bd. Dec. 87;
Amended by January 2017 Mtg., Bd. Dec. 132; June 2017 Mtg., Bd. Dec. 194; June 2018 Mtg., Bd. Dec. 185; May 2019 Mtg., Bd. Dec. 183; June 2020 Mtg., Bd. Dec. 194

Cross-References

32.060. *General Secretary’s Responsibility for Finance Matters*

ARTICLE 67. AUDITS

67.010. Auditing Services Charter

67.020. Guidelines for Appointment and Evaluation of the Independent Auditor

67.010. Auditing Services Charter

The Auditing Services Charter shall be as follows:

67.010.1. Policy Statement

It is the policy of Rotary International and The Rotary Foundation to maintain a comprehensive program of internal auditing as an overall control measure and as a service to the senior leadership and management of the organization.

67.010.2. Mission and Scope of Work

The mission of Auditing Services is to provide independent, objective assurance services and may provide consulting services to help improve the operations of the Secretariat of Rotary International (hereinafter the “Secretariat”). Auditing Services helps the Secretariat achieve the mission of Rotary International and The Rotary Foundation by bringing a systematic, disciplined approach to evaluate and advise management on improving the effectiveness of control systems, risk management, and/or governance processes.

The scope of work of Auditing Services is to assist in determining whether the Secretariat’s governance, risk management practices, and internal control structure, as designed and represented by management, are adequate and functioning in a manner to reasonably assure that

1. Risks (strategic, financial, operational, compliance and other) are appropriately identified and managed
2. Interaction with the various internal governance and risk management groups occurs as needed
3. Resources are acquired economically, used efficiently, and adequately protected
4. Operations, programs, plans, and objectives are achieved effectively, efficiently, economically, and safely
5. Significant financial, managerial, and operating information is accurate, reliable, and timely
6. The Secretariat and employees’ actions are in compliance with policies, standards, procedures, and applicable laws and regulations
7. Quality and continuous improvement are considered in existing control processes
8. Significant legislative or regulatory issues are recognized and addressed appropriately
9. Opportunities for improving control, accountability, and image are identified

67.010.3. Role

Auditing Services is established by the Board of Directors, and its responsibilities are directed by the Audit Committee as part of that committee's oversight role.

Auditing Services will adhere to The Institute of Internal Auditors' mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing ("Standards"). This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of Auditing Services' performance.

The Institute of Internal Auditors' Practice Advisories, Practice Guides, and Position Papers will also be adhered to as applicable to guide operations. In addition, the Auditing Services function will adhere to Rotary International's and The Rotary Foundation's relevant policies and procedures and the function's standard operating procedures manual.

67.010.4. Authority

As necessary to accomplish its responsibilities, Auditing Services shall

1. Have access to all records, property, and personnel
2. Have access to the general secretary, the Audit Committee, and the Operations Review Committee
3. Be provided with and allocate adequate resources, determine scopes of work, and apply the techniques required to accomplish audit objectives

All employees are requested to assist the Auditing Services function in fulfilling its roles and responsibilities.

67.010.5. Independence and Objectivity

Subject to the authority of the RI Board of Directors, TRF Trustees, and the Audit Committee, the Auditing Services function will remain free from interference by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mental attitude.

Auditing Services is not authorized to

1. Perform any operational duties for the Secretariat
2. Initiate or approve accounting transactions external to Auditing Services
3. Direct the activities of any Secretariat employee not employed by Auditing Services, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the internal auditors

Internal auditors will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors will make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

The general auditor will confirm to the board, at least annually, the organizational independence of the Auditing Services function.

67.010.6. Organization

To provide for the independence of Auditing Services, its personnel report functionally to the RI Board and TRF Trustees through the Audit Committee and administratively to the general secretary.

67.010.7. Responsibility

In general, all members of the Secretariat staff are responsible for the Secretariat's internal control structure. Specifically:

1. The general secretary is responsible for the establishment and maintenance of effective risk management practices and a positive control environment by providing leadership, direction and oversight to the senior managers who control and manage the business operations of the Secretariat.
2. Senior and operational managers are responsible for the design, implementation, and maintenance of specific internal control practices and procedures within their areas of supervision. These managers are also responsible for providing to the general auditor, upon request, full and unrestricted access to all activities, records, and personnel.
3. The general auditor is responsible to senior leadership and management for the following:
 - a. Evaluation and assessment of the adequacy, efficiency, and effectiveness of the Secretariat's control systems, risk management, and/or governance processes.
 - b. Contribution to the organization's ongoing effectiveness.
 - c. Reporting of significant issues related to the processes for controlling the activities of the Secretariat, including potential improvements to those processes.
 - d. Information on the status and results of the annual audit plan and the sufficiency of Auditing Services resources.
4. Auditing Services has responsibility to:
 - a. Annually develop a flexible audit plan taking into account any risks or control concerns identified by senior management and leadership, as well as projected benefits and costs of each planned engagement. The general auditor will communicate the impact of resource limitations and significant interim changes to senior management and the Audit Committee.

The plan is reviewed with the general secretary and Audit Committee for necessary revisions and approval by 30 June of each year. The approved plan shall be reviewed with the Operations Review Committee at its next scheduled meeting. Any significant deviation from the approved internal audit plan will be communicated to senior management and the Audit Committee through periodic activity reports.

- b. Implement the approved annual audit plan including any special tasks, projects, or consulting engagements requested and/or approved by the general secretary, the Audit Committee, and/or the Operations Review Committee.
- c. As requested, in consultation with the Audit Committee chair, assist in the investigation of significant suspected fraudulent activities within the Secretariat and notify the general secretary, the Audit Committee, and/or the RI Operations Review Committee of the results.
- d. Consider the scope of work of the external auditors and other third parties, as appropriate, for the purpose of providing optimal audit coverage to the Secretariat.
- e. Receive, evaluate, and respond to requests from the president and the president-elect, the Board of Directors acting collectively, the Audit Committee, the TRF Trustees Chair, the Trustees of The Rotary Foundation acting collectively, the RI Finance Committee, the Operations Review Committee, and the general secretary.
- f. Review the audit charter annually with the general secretary and the Audit Committee for necessary updates and revisions.

67.010.8. Reporting and Monitoring

Auditing Services will complete fair, factual, and balanced reports summarizing the activities and observations of each audit and/or project. Individual audit reports shall detail the audit objectives and scope; observations, conditions, and applicable recommendations; and management responses and action plans. Executive summaries of audit reports may be prepared for certain audiences. Special project and consulting engagement reports may deviate from this format depending upon the circumstances.

The general secretary and affected operational management should be given ample opportunity to review the report prior to final distribution. This review should provide an opportunity to correct errors, omissions, misunderstandings, or other inaccuracies and provide suggestions. The general secretary and management have no authority to change any aspect of the audit report. If a difference of opinion exists, the general secretary or management may submit a formal statement with the response in the audit report.

Auditing Services will be responsible for appropriate follow-up on engagement findings and recommendations. All significant findings will remain in an open issues file until cleared with approval of the Audit Committee.

The General Auditor will periodically report to senior management and the Audit Committee on the Auditing Services function's purpose, authority, and responsibility, as well as performance relative to its plan. Reporting will also include significant risk

exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the Audit Committee.

At a minimum, audit report distribution should comply with the following guidelines:

1. Audit Reports

Final audit reports will include reportable observations, as defined by Auditing Services, and will be distributed to the following:

- a. Audit Committee members
- b. Operations Review Committee members
- c. President and president-elect
- d. General secretary
- e. All general managers and affected operational management
- f. TRF Trustee chair
- g. External audit firm engagement partner and/or manager
- h. Risk Management

2. Executive Summaries

Executive summaries of final audit reports will be distributed to the following:

- a. All other RI Directors
- b. All other TRF Trustees

3. Other Observations for Improvement Opportunities

Final audit observations that are not considered reportable, as defined by Auditing Services, will be reported in a separate communication to affected management as determined by the general auditor.

4. Special Project and Consulting Engagement Reports

The general auditor will consult with the general secretary and/or Audit Committee chair to determine distribution of individual reports on special projects and consulting engagements.

67.010.9. Standards of Audit Practice

Auditing Services will meet or exceed the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors.

Auditing Services will maintain a quality assurance and improvement program that covers all aspects of the Auditing Services function. The program will include an evaluation of the Auditing Services function's conformance with the Definition of Internal Auditing and the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The

program also assesses the efficiency and effectiveness of the Auditing Services function and identifies opportunities for improvement.

The general auditor will communicate to senior management and the Audit Committee on the Auditing Services function's quality assurance and improvement program, including results of ongoing internal assessments and external assessments conducted at least every five years. (*June 2017 Mtg., Bd. Dec. 200*)

Source: July 1997 Mtg., Bd. Dec. 87; February 2004 Mtg., Bd. Dec. 216.

Affirmed by June 1998 Mtg., Bd. Dec. 402.

Amended by June 1999 Mtg., Bd. Dec. 346; May 2003 Mtg., Bd. Dec. 325; November 2004 Mtg., Bd. Dec. 162; June 2007 Mtg., Bd. Dec. 226; November 2009 Mtg., Bd. Dec. 102; June 2010 Mtg., Bd. Dec. 265; October 2013 Mtg., Bd. Dec. 30; May 2014 Mtg., Bd. Dec. 171; June 2017 Mtg., Bd. Dec. 200

67.020. Guidelines for Appointment and Evaluation of the Independent Auditor

The RI Board of Directors is responsible for appointment and evaluation of the independent auditor. The Audit Committee assists the Board in executing this responsibility by

- defining and communicating performance expectations;
- monitoring and assessing performance;
- making recommendations to the Board regarding services, fees and appointment; and
- overseeing any competitive selection process.

The Audit Committee is to communicate with the Trustee Chair regarding any appointment or evaluation of the independent auditor.

The Audit Committee will monitor and evaluate the performance of the independent auditor as outlined in the "Annual Performance Assessment" as defined in these guidelines. Each year, the Audit Committee will document and communicate its assessment to the Board and the Trustee Chair, and make recommendations to the Board as necessary. Recommendations may include conducting a competitive selection based on serious and/or ongoing performance deficiencies. The Audit Committee will solicit and consider input from management.

In general, unless circumstances dictate otherwise, the Audit Committee, on behalf of the Board and Trustees, will formally consider and conduct a comprehensive review for the selection of its independent auditor based on competitive proposals at least once every seven (7) years. The Audit Committee will solicit and consider input from management.

I. Annual Performance Assessment

The general secretary will distribute evaluation criteria and related materials for use in monitoring and evaluating the performance of the independent auditor during the year. This information will be distributed prior to the start of the significant audit services (e.g. typically in January or February) to the following:

- Members of the Audit Committee
- General Secretary
- Other Secretariat Managers as deemed necessary

At the conclusion of the audit services (e.g. October), the general secretary will solicit evaluation feedback from the noted Rotary leaders and managers. The evaluation and feedback will be reported to the Audit Committee at its subsequent meeting (typically, February). Evaluation criteria should remain fairly constant from year to year to allow evaluation of performance trends over time. Examples of potential performance evaluation criteria include, but are not limited to:

- Audit plan expected and actual results
- Quality of audit services
- Timeliness of audit and deliverables
- Audit fees (actual versus agreed)
- Independence
- Understanding of Rotary
- Type, frequency and quality of information and communication
- Availability and transparency

The Audit Committee should discuss with the independent auditor (in closed session if necessary):

- Questions or concerns regarding performance of the independent auditor during the prior fiscal year and/or the overall relationship
- Performance expectations
- The proposed audit plan, scope, and fees for the next annual audit(s)
- Questions or concerns of the independent auditors

The Audit Committee will communicate the results of its deliberations regarding the independent auditor's performance and proposals to the Board through its meeting minutes/report to the Board. The Audit Committee will make specific recommendations, if any, to the Board concerning acceptance of the independent auditor's proposal for the next fiscal year. The Audit Committee may make other recommendations to the Board, including competitive bidding of these services. If competitive bidding is recommended, the Trustee Chair should be notified.

The Audit Committee's deliberations will include consideration of the annual evaluation survey results. Throughout the year, the Audit Committee should have complete, direct, and open access to the independent auditor. The general secretary will assist and facilitate this access.

Discussion of the independent auditor's performance may be placed on the agenda of any Audit Committee meeting.

If necessary, the independent auditor's performance may be reviewed between regularly scheduled committee meetings. Either the Audit Committee chair or management may initiate this review. The chair should determine the best approach to conduct the review. The results of any review should be documented and communicated.

II. Competitive Selection

The Audit Committee will oversee the process of competitive selection of the independent auditor. The Audit Committee will solicit and consider input from management.

The general secretary will coordinate the competitive selection process in consultation with the Audit Committee. The general manager of The Rotary Foundation, or a designee, will be included in correspondence with management, and will be invited to participate in any management group involved in the selection process.

Specific selection procedures will be defined in detail at the time the actual selection process begins. Generally, the process should include the following:

1. Establish selection process procedures and timeline
2. Define service requirements
3. Select evaluation group(s) and communicate responsibilities
4. Establish audit firm evaluation criteria and scoring methodology
5. Research audit firms and develop audit firm selection universe
6. Prepare and distribute request for proposal package
7. Evaluate proposals based on established criteria
8. Select audit firm(s)
9. Request/receive oral presentations from selected audit firms
10. Final evaluation and selection

(June 2010 Mtg., Bd. Dec. 265)

Source: February 2007 Mtg., Bd. Dec. 208;

Amended by June 2010 Mtg., Bd. Dec. 265

ARTICLE 68. BUDGETS

- 68.010. Budget Review Process
- 68.020. Authority to Exceed RI Budget
- 68.030. Capital Expenditures

68.010. Budget Review Process

The budget review process for the following fiscal year shall also include review of the original Board approved budget for the year, and a budget variance review system. Such a system shall provide the president and the general secretary with an explanation of any actual or anticipated variance. *(June 2017 Mtg., Bd. Dec. 195)*

Source: May 1989 Mtg., Bd. Dec. 370;
Amended by June 2017 Mtg., Bd. Dec. 195

68.010.1. President-Elect Responsibility for Budget Preparation

The president-elect of RI shall participate in the preparation of the RI budget for the year he or she is president. *(October 2015 Mtg., Bd. Dec. 85)*

Source: November 1997 Mtg., Bd. Dec. 107;
Amended by October 2015 Mtg., Bd. Dec. 85

68.010.2. General Secretary Responsibility for Budget Preparation and Implementation

1. The general secretary has full responsibility to manage and control the RI budget preparation process and the implementation of the approved budget and Board-authorized variances
2. The general secretary has full responsibility and authority to regularly review and monitor, throughout the fiscal year, actual results at a detailed level against the approved budget, including authorized variances approved by the Board, and the reallocation of budgeted spend during the year pursuant to the secretariat policy on budget reallocation established and defined by the General Secretary in consultation with the chair of the Finance Committee
3. Financial statements must be produced on a timely basis for review by the Board
4. All budgeted spend is to be managed at a cost center level
5. Available budgeted spend from cost centers may be made available for activities in other cost centers with advance written approval by the general secretary
6. All financial transactions are to be properly accounted for in compliance with the organization's chart of accounts and cost centers
7. The general secretary is authorized to take whatever steps are needed to exercise his or her authority in the implementation of this policy

8. The general secretary shall recognize the priority of integrating the budget process with the Secretariat Strategic Plan and shall maintain accountability for budgets through the staff evaluation process.

(June 2017 Mtg., Bd. Dec. 195)

Source: June 1998 Mtg., Bd. Dec. 393; November 2001 Mtg., Bd. Dec. 147;
Amended by October 2015 Mtg., Bd. Dec. 85; June 2017 Mtg., Bd. Dec. 195

68.010.3. Chief Financial Officer Responsibility for Budget Preparation

The Chief Financial Officer has financial and operational authority over the budget process and the utilization of funds at RI, under the direction of the general secretary. *(February 1999 Mtg., Bd. Dec. 196)*

Source: June 1998 Mtg., Bd. Dec. 393

68.010.4. Authority over International Office Financial Matters

The Chief Financial Officer shall have line reporting authority over the RI International Offices regarding financial matters. *(January 2013 Mtg., Bd. Dec. 141)*

Source: November 1997 Mtg., Bd. Dec. 208;
Amended by January 2013 Mtg., Bd. Dec. 141

68.010.5. Financial Impact of Board Agenda Items

Advance memorandum items presented for RI Board consideration which have any financial impact on the capital or operating budgets of RI must be submitted to Financial Services through the Chief Financial Officer no later than 30 days prior to the Board meeting for analysis of that impact. Those items presented after the 30-day deadline will be deferred to the next meeting unless the president, in consultation with the Executive Committee, agrees to their presentation at the current meeting. *(October 2013 Mtg., Bd. Dec. 30)*

Source: October 1998 Mtg., Bd. Dec. 170;
Amended by October 2013 Mtg., Bd. Dec. 30

68.010.6. Annual Budgeting for Dues Revenue

For all RI budgets, the anticipated dues revenue shall be based on membership as of 31 December of the current year, minus a five-year average of the 31 December to 1 July annual gap. *(April 2020 Mtg., Bd. Dec. 147)*

Source: November 2002 Mtg., Bd. Dec. 184;
Amended by October 2014 Mtg., Bd. Dec. 105; September 2016 Mtg., Bd. Dec. 28; April 2020 Mtg., Bd. Dec. 147

Cross-References

31.084. *Finance Committee Responsibilities*

68.020. Authority to Exceed RI Budget

The general secretary has the authority to pay the outstanding obligations of Rotary International, even though in excess of the appropriated budget, for any fiscal year, provided that the general secretary and treasurer in consultation with the chair of the Finance Committee report to the president and the Board at each meeting any expected or projected material deviation from the budget. (*June 2017 Mtg., Bd. Dec. 195*)

Source: April 1991 Mtg., Bd. Dec. 317;

Amended by May 2003 Mtg., Bd. Dec. 325; January 2013 Mtg., Bd. Dec. 141; June 2017 Mtg., Bd. Dec. 195

68.030. Capital Expenditures

Note: The Board regularly reviews and amends, where necessary, the “RI Policy on Financing Capital Expenditures and Projects,” which is as follows:

1. Purpose

The purpose of this policy is to identify those circumstances under which financing capital projects or equipment with debt or through capital leases is appropriate. The policy also establishes limits for the level of permitted indebtedness and capital leases and stipulates the approvals required to incur debt or enter into a capital lease.

2. Scope

This policy applies to the financing of Rotary International's capital expenditures and projects.

3. Policy

- a. The incurrence of debt will be considered under the following circumstances:
 - i. If spending available cash on capital project(s) will impede the organization's ability to attain or maintain RI's reserve policy, and
 - ii. The project being financed is expected to generate incremental income in future years that can be used to offset future debt payments.
- b. The entering into a capital lease will be considered under the following circumstances:
 - i. The equipment being acquired is of a nature that technological advances will make the equipment obsolete over relatively short periods of time, and
 - ii. The effective lease rate is less than the expected rate of return on investments over the term of the lease.
- c. The amount of permitted debt plus capital leases is subject to the following:
 - i. Total debt and capital leases shall not exceed 15% of RI's unrestricted net assets.

- ii. Income available for debt service should be equal to or greater than two times the annual debt service (principal and interest) and lease payments. Income available for debt service equals revenues less adjusted operating expenses. Adjusted operating expense equals operating expenses less depreciation, amortization, interest expense, and any extraordinary items.

4. Authority

The Board must approve any incurrence of debt. The general secretary may approve capital leases in amounts not to exceed \$100,000 in any fiscal year. Amounts in excess of \$100,000 in any fiscal year must be approved by the Board.

(October 2019 Mtg., Bd. Dec. 29)

Source: June 1996 Mtg., Bd. Dec. 341;

Amended by June 2008 Mtg., Bd. Dec. 290; January 2013 Mtg., Bd. Dec. 141; October 2019 Mtg., Bd. Dec. 29

68.030.1. Threshold for Capital Items

The general secretary is authorized, after prior consultation with the treasurer or the chair of the RI Finance Committee, to adjust the capitalization threshold as appropriate. (*June 2007 Mtg., Bd. Dec. 315*)

Source: June 2007 Mtg., Bd. Dec. 315

Cross-References

31.050.3. *Liaison Directors' Expenses*

31.120. *Committee Finances*

40.030. *New Rotary Programs and Global Networking Groups*

ARTICLE 69. EXPENSES AND REIMBURSEMENTS

- 69.010. Approval of Disbursements
- 69.020. Travel
- 69.030. Rotary Funding for Governors
- 69.040. General Officers' Expenses
- 69.050. Officer Expenses
- 69.060. Miscellaneous Financial Matters

69.010. Approval of Disbursements

All disbursements generated by volunteers, including the office of president, shall be subject to post-disbursement approval by the Treasurer, or his/her designate. The Treasurer shall report to the Board on all substantive expenditures that have not been made in accordance with the approved budget or in compliance with the policies adopted from time to time by the Board. *(June 1998 Mtg., Bd. Dec. 348)*

Source: March 1992 Mtg., Bd. Dec. 249

69.020. Travel

69.020.1. RI Travel Expenses

RI is committed to Rotarians worldwide to use their per capita dues and contributions wisely by ensuring that those traveling at the expense of RI and its Foundation do so at the least expensive available cost, consistent with good service and the RI Travel and Expense Policy. All individuals traveling at RI expense are encouraged to conserve the funds of the organization. *(June 1998 Mtg., Bd. Dec. 348)*

Source: March 1990 Mtg., Bd. Dec. 191; July 1996 Mtg., Bd. Dec. 35

69.020.2. Official RI Expense Statements

All Rotarians and staff must use the official RI Expense Statement for travel expense reimbursements. *(June 1998 Mtg., Bd. Dec. 348)*

Source: November 1997 Mtg., Bd. Dec. 211

69.020.3. Duties and Obligations

Any person whose attendance at a meeting, event or other activity is fully or partially funded by RI, including Rotarians, their partners and others, shall fulfill their duties and obligations for the meeting, event or activity as set forth in the RI constitutional documents, the *Rotary Code of Policies* or official program for the meeting, event or activity. Funded travelers who fail to fulfill their duties and responsibilities shall not be reimbursed by RI for any expenses associated with the travel and shall return to RI all amounts paid to them or on their behalf by RI in connection with the travel. The general secretary shall report

any failure to comply with the requirements of this policy to the RI Audit Committee. *(June 2009 Mtg., Bd. Dec. 276)*

Source: June 2009 Mtg., Bd. Dec. 276

69.020.4. Travel Operations Management Plan

The Board regularly reviews and amends, where necessary, the “RI Travel Management Plan.” *(June 1998 Mtg., Bd. Dec. 348)*

Source: November 1996 Mtg., Bd. Dec. 159

69.020.5. Rotary International Travel Service (RITS) Travel and Expense Policy

The Board regularly reviews and amends, where necessary, the RI Travel Service (RITS) Travel and Expense Policy. *(August 2021 Mtg., Bd. Dec. 15)*

Source: November 1995 Mtg., Bd. Dec. 154;

Amended by June 2001 Mtg., Bd. Dec. 314; June 2001 Mtg., Bd. Dec. 315; November 2002 Mtg., Bd. Dec. 65; May 2003 Mtg., Bd. Dec. 420; July 2004 Mtg., Bd. Dec. 16; March 2005 Mtg., Bd. Dec. 253; November 2006 Mtg., Bd. Dec. 127; June 2007 Mtg., Bd. Dec. 256; June 2008 Mtg., Bd. Dec. 248; June 2009 Mtg., Bd. Dec. 276; November 2010 Mtg., Bd. Dec. 110; June 2013 Mtg., Bd. Dec. 212; April 2016 Mtg., Bd. Dec. 162; June 2017 Mtg., Bd. Dec. 170; September 2017 Mtg., Bd. Dec. 24; January 2019 Mtg., Bd. Dec. 85; April 2021 Mtg., Bd. Dec. 143; August 2021 Mtg., Bd. Dec. 15

69.020.6. Personal Travel

The main purpose of the RI travel service (RITS) is to provide the best possible services to those who travel on Rotary-funded assignments. Non-funded travel arrangements are the personal responsibility of the individual travelers. *(June 1998 Mtg., Bd. Dec. 348)*

Source: November 1997 Mtg., Bd. Dec. 189 pt. 3b

69.020.7. RI Travel Service (RITS) Relationship with a General Contractor

RI travel service (RITS) will have a contractual relationship with one general contractor agency--and through it with as many subordinate accredited international travel agencies as are necessary. Such agency shall provide the best possible cost-effective service to all of the Rotary world in accord with the RI Travel and Expense Policy. *(June 1998 Mtg., Bd. Dec. 348)*

Source: March 1990 Mtg., Bd. Dec. 191

69.020.8. Exceptions to RITS Travel and Expense Policy

The purpose of the Rotary International Travel Service is to offer air routings and provide associated travel services that facilitate the Rotary assignment of the proposed trip. As such, it is expected the Rotary funded travelers will accept routings and fares that the travel staff determine to be the most logical as per the written travel and expense policy.

Exceptions to the policy may be applied for in writing to the general secretary. Examples of exceptions that may not be applied for include:

1. the selection of specific airlines for frequent flyer benefits where Rotary has the opportunity to take advantage of lower fare or incentive programs on other airlines;
2. the selection of specific airlines where Rotary needs to fulfill its contractual commitments with its preferred airlines;
3. the selection of full economy/coach class fares (for the benefit of personal first or business class upgrades), where lower discount fares may be available; noting no change to the current travel and expense policy for those entitled to business class where business class is not available.

(June 1998 Mtg., Bd. Dec. 348)

Source: November 1997 Mtg., Bd. Dec. 189

69.020.9. Local Purchase Expense Reimbursements

Reimbursement to Rotarians for locally purchased airline tickets authorized by RITS is to be processed upon submission of applicable receipts on an official Rotary International expense statement to the Finance Department or to the appropriate Rotary international office or fiscal agent. The submission of the required documentation may not occur prior to the commencement of travel. *(November 2006 Mtg., Bd. Dec. 35)*

Source: November 1997 Mtg., Bd. Dec. 189;

Amended by November 2006 Mtg., Bd. Dec. 35

69.020.10. RI Staff Travel

The Board has adopted a “RI Staff Travel Policy” that applies to all Rotary International and Rotary Foundation employees who are authorized to travel on behalf of the organization. Unless there are significant cost implications to changes in this policy, the general secretary shall be authorized to revise the RI Staff Travel Policy as circumstances require. *(November 2002 Mtg., Bd. Dec. 55)*

Source: May 2000 Mtg., Bd. Dec. 462;

Amended by June 2002 Mtg., Bd. Dec. 255

69.020.11. Partner Travel Reimbursements

The Board has adopted the RI Policy Regarding Partner Travel Expense Reimbursements. Under this policy, Rotary will fund partner travel only if the function of the travel serves a bona fide business purpose for Rotary International and the amounts requested for reimbursement are substantiated by utilizing a “Partner Funded Travel Expenses Form.” Rotarians and partners who fail to fulfill these requirements shall not be reimbursed by RI for any expenses associated with the travel and shall return to RI all amounts paid to them or on their behalf to RI in connection with the travel. Rotarians shall not be funded by RI for future travel until these requirements are fulfilled. Persons who travel at RI expense

may be subject to income taxes on the value of the travel if the travel is not for a bona fide business purpose for RI. (*September 2020 Mtg., Bd. Dec. 25*)

Source: February 1998 Mtg., Bd. Dec. 313; May 2003 Mtg., Bd. Dec. 325; June 2009 Mtg., Bd. Dec. 276; October 2019 Mtg., Bd. Dec. 53;

Amended by November 2006 Mtg., Bd. Dec. 35; September 2020 Mtg., Bd. Dec. 25

69.020.12. Master Account Billing Procedures

For all individuals traveling at RI expense, the general secretary shall limit the use of master account billing procedures to the costs of the hotel room and tax only. All other individual business expenses will be reimbursed according to the standard reimbursement procedures.

However at the International Assembly, Council on Legislation and other official RI meetings where meal plans are contracted to be paid by RI or its Foundation, the costs of that meal plan, applicable tax and service charges shall be charged to the master account billing. (*June 2007 Mtg., Bd. Dec. 290*)

Source: November 1999 Mtg., Bd. Dec. 251;

Amended by June 2007 Mtg., Bd. Dec. 290

69.020.13. Meal Expense Reimbursement Limit

The Board has established a per diem meal expense reimbursement limit of US\$75 per person for all those on RI-funded travel.

The Board recommends that expenses for meals outside of One Rotary Center should not be claimed when RI provides meal coupons. (*June 2017 Mtg., Bd. Dec. 170*)

Source: November 2008 Mtg., Bd. Dec. 50;

Amended by June 2017 Mtg., Bd. Dec. 170

69.020.14. Group Travel by Officers and Board of Directors

Whenever current or incoming Directors travel as a group, they shall travel in more than one group, each group to be transported separately. Except when the president deems it to be not practicable, he shall not be transported together with the president-elect or the vice-president. (*August 1999 Mtg., Bd. Dec. 47*)

Source: May 1978 Mtg., Bd. Dec. 10; August 1999 Mtg., Bd. Dec. 47

Cross-References

72.010.2. *Risk Management for Travel Operations*

69.030. Rotary Funding for Governors

69.030.1. Rotary Funding for Governors

Governors are provided with funding to reimburse a portion of their reasonable and necessary expenses in carrying out their mandated responsibilities related to club visits, learning events, office expenses, which may also include other special factors related to multiple countries, languages and/or large geographical distances. (*April 2024 Mtg., Bd. Dec. 119*)

Source: January-February 1989 Mtg., Bd. Dec. 248, App. D;

Amended by October 2013 Mtg., Bd. Dec. 62; April 2019 Mtg., Bd. Dec. 162; April 2024 Mtg., Bd. Dec. 119

69.030.2. Governor Funding Process

Rotary funding for governors will be disbursed in local currency when RI holds that currency. When RI does not hold the governor's local currency, RI will select a reasonable, cost-effective alternate currency. All disbursements are subject to random audit.

Payment is made directly to a district account managed by the district finance committee. The account shall have two signatories, at least one of whom shall be a member of the district finance committee. Requests for exceptional account arrangements based on legal banking or other restrictions should be made jointly by the governor-elect and the district finance committee chair no later than 15 June.

Reimbursements to governors shall be administered as follows, and reviewed regularly:

1. 100% of the budget is sent to the district by August at the start of the governor's year.
2. If payment can only be made to a governor directly with no oversight by the district finance committee, additional disbursement and reporting requirements apply, including sending 70% of their DG funding by August of the governor's year and submitting expense reports with documentation for their initial payment and any remaining funding amount.
3. A DG Funding Report or a DG expense report are required to be submitted by no later than 31 August following the governor's year of service.
4. Use of Rotary funding for governors must comply with all economic and trade sanctions, including those implemented by the Office of Foreign Assets Control (OFAC) of the United States Department of Treasury. Governors and districts must ensure that they do not support or promote violence, terrorist activity or related training, or money laundering.
5. Districts or governors shall return any unsubstantiated or unused funds in excess of US\$25 to RI no later than 15 October following the governor's year of service. Governors with unsubstantiated amounts or funding in excess of US\$25 not repaid to RI will be added to the list of Rotarians with Outstanding Obligations to RI and reported to the RI Audit Committee and shall be ineligible for RI or TRF appointments,

reimbursement, or Rotary awards until payment or substantiation of eligible expenses is made.

6. reimbursement is capped at 100% of the DG's individual the funding amount
7. District Governors-elect learn about and discuss on this policy at the International Assembly.

(February 2025 Mtg., Bd. Dec. 106)

Source: June 1998 Mtg., Bd. Dec. 396; June 2005 Mtg., Bd. Dec. 329.

Amended by November 1999 Mtg., Bd. Dec. 203; February 2000 Mtg., Bd. Dec. 335; May 2000 Mtg., Bd. Dec. 398; June 2001 Mtg., Bd. Dec. 447; November 2001 Mtg., Bd. Dec. 55; May 2003 Mtg., Bd. Dec. 409; November 2005 Mtg., Bd. Dec. 38; June 2006 Mtg., Bd. Dec. 270; June 2007 Mtg., Bd. Dec. 226; June 2007 Mtg., Bd. Dec. 318; November 2007 Mtg., Bd. Dec. 32; June 2008 Mtg., Bd. Dec. 269; October 2013 Mtg., Bd. Dec. 62; April 2019 Mtg., Bd. Dec. 162; June 2022 Mtg., Bd. Dec. 153; February 2025 Mtg., Bd. Dec. 106

69.030.3 Exchange Rate Fluctuations

Governor's funding will be recalculated to the extent the US exchange rate increases or declines against local currency by three percent or more between the rate in effect 1 July and the rate at which the funding was originally prepared to offset the increase or decline. The revised amount, reflected in US dollars, will then become final and not subject to further change due to subsequent exchange rate fluctuations. *(February 2025 Mtg., Bd. Dec. 106)*

Source: June 1987 Mtg., Bd. Dec. 410;

Amended by June 2006 Mtg., Bd. Dec. 270; February 2025 Mtg., Bd. Dec. 106

69.030.4. Governor Failure to Report on Finances

The annual statement as described in RI Bylaws section 15.060.4. shall include all monies received by the governor. The governor shall also send the report of the district finances to the general secretary within 12 months of the completion of the governor's year in office with proof that the report has been independently reviewed and provided to each club for discussion at a district meeting in accordance with RI Bylaws section 15.060.4.

Failure to comply with the requirement to distribute a complete financial statement to the clubs and the general secretary, and to present the statement for discussion and adoption at a district meeting within 12 months of the completion of the governor's year in office, shall result in the governor being ineligible to receive:

- any additional expense reimbursements from RI
- any RI volunteer appointment or assignment, including district elected or selected roles of assistant governor, vice-governor, interim governor, COL representative, district rotary Foundation chair (DRFC), or the district treasurer.
- any Rotary Foundation appointment or assignment
- any RI or Rotary Foundation award
- until the completed financial statement is distributed to both the clubs and the general secretary and discussed and adopted at a district meeting.

In accordance with the RI Bylaws, governors must provide for the discussion and vote to adopt a previous governors' financial statement at a district meeting or conduct a club ballot. In cases where all other policy requirements have been met but there is disagreement about or interference with clubs' adoption of the annual statement, the general secretary may accept the annual statement and report of district finances. (*February 2025 Mtg., Bd. Dec. 106*)

Source: October 2015 Mtg., Bd. Dec. 82;

Amended by January 2017 Mtg., Bd. Dec. 129; October 2019 Mtg., Bd. Dec. 29; January 2024 Mtg., Bd. Dec. 103; February 2025 Mtg., Bd. Dec. 106

Cross-References

- 18.040. *Extension to Non-Rotary Countries and Geographical Areas*
- 19.050. *Vacancies in the Office of Governor or Governor-elect: Learning Seminars*
- 32.060.8. *Revising Rotary Funding for District Governors*
- 58.060.1. *International Assembly Attendance Expenses Paid by RI*
- 58.060.2. *Payment for International Assembly Attendance in Restricted Currency Countries*
- 58.060.3. *Payment for Governors Serving a Second Term*

69.040. General Officers' Expenses

69.040.1. Policy for Expenses of General Officers

All reimbursements shall be for reasonable expenses in furtherance of the business purposes of RI. The general secretary shall ensure that RI maintains consistent enforcement of the existing reimbursement policies, particularly with respect to documentation. This includes monitoring so that no personal expenses are reimbursed. Persons who travel at RI expense may be subject to income taxes on the value of the travel if the travel is not for a bona fide business purpose of RI. The general secretary shall report any failure to comply with the requirements of this policy to the RI Audit Committee.

69.040.1.1. Annual Expense Allocation (Not Taxable Reimbursement to the Recipient)

Directors (excluding the president and the president-elect) may be reimbursed for expenses of US\$22,000 each year totaling US\$44,000 for their two-year term as director. This amount is known as the annual expense allocation. The president and the president-elect shall not receive the annual expense allocation. Directors-elect may be reimbursed for expenses of up to US\$4,000 from their annual expense allocation in the five months prior to taking office. Any portion of the annual expense allocation not used by a director in the director's first year on the Board may be accrued and utilized in the second year. No portion of the annual expense allocation may be used by a director following the completion of the director's second year on the Board.

Except where explicitly authorized in the Rotary Code of Policies, annual expense allocation funds shall only be used to fund expenses incurred by and on behalf of directors

themselves, and shall not be used to fund expenses, including travel expenses, of others, including directors' partners.

Expenses to be covered by this allocation include:

1. Office expenses associated with officer responsibilities including:
 - a. Business cards
 - b. Stationery
 - c. Postage
 - d. Multicopying
 - e. Telephone and FAX costs
 - f. Office assistance (personnel)
 - g. Other overhead costs associated with maintaining office
2. Out-of-pocket expenses associated with director visits to clubs and other travels reasonably associated with his or her position:
 - a. Transportation costs
 - b. Hotel
 - c. Meals and reasonable incidentals
3. Cost of director attendance at presidential conferences or other meetings convened by the president, including partner expenses when accompanied by proper business purpose documentation:
 - a. Registration fee
 - b. Transportation
 - c. Hotel
 - d. Meals and reasonable incidentals
4. Costs associated with the Rotary institute the director is responsible for convening not otherwise covered by RI budget (see Section E) or institute budget, including partner expenses when accompanied by proper business purpose documentation.
5. Cost of director attendance at not more than one institute where the director does not serve as convener, including partner expenses when accompanied by proper business purpose documentation:
 - a. Registration
 - b. Transportation
 - c. Hotel

- d. Meals and reasonable incidentals
6. Miscellaneous Expenses
 - a. President's jacket for RI directors and partners
 - b. Directors pins
 - c. RI videos or publications
 - d. Airline upgrades
 - e. Vaccination and preventive medical costs associated with required RI travel
 - f. Costs of establishing and maintaining a director website
7. Other reasonable Rotary business expenses not detailed above but within the officer's allocated amounts may be approved by the executive committee and reported to the Board at its next meeting. Any officers seeking reimbursements for business expenses beyond the authorized allocation amounts shall seek the authorization of the Board.

(September 2020 Mtg., Bd. Dec. 25)

Source: June 1997 Mtg., Bd. Dec. 393;

Amended by June 1999 Mtg., Bd. Dec. 348; August 1999 Mtg., Bd. Dec. 48; August 1999 Mtg., Bd. Dec. 50; November 1999 Mtg., Bd. Dec. 251; July 2000 Mtg., Bd. Dec. 28; June 2002 Mtg., Bd. Dec. 293; November 2004 Mtg., Bd. Dec. 158; November 2004 Mtg., Bd. Dec. 160; June 2008 Mtg., Bd. Dec. 232; June 2009 Mtg., Bd. Dec. 235; June 2009 Mtg., Bd. Dec. 276; April 2018 Mtg., Bd. Dec. 170; September 2020 Mtg., Bd. Dec. 25

69.040.1.2. Other Reimbursable Expenses Over and Above the Annual Expense Allocation (Not Taxable Reimbursement to the Recipient)

In addition to the above-mentioned reimbursable expenses, RI business related expenses incurred by the president and president-elect while traveling on RI business and business-related expenses incurred by directors associated with meetings in which officer attendance is mandatory (board meetings, International Assembly, International Convention and other meetings as designated by the president) may be submitted on expense statements with proper documentation for reimbursement. Reimbursement for expenses associated with mandatory meetings shall be limited to:

1. Ground transportation
2. Airport taxes
3. Meals en route or not provided for group or otherwise charged to hotel master account
4. Laundry and reasonable incidentals
5. One airline club membership
6. Other customary and reasonable Rotary travel expenses associated with these meetings
7. All meals while on RI business

8. Partner expenses for this travel where authorized and where accompanied by proper business purpose documentation

(November 2004 Mtg., Bd. Dec. 158)

Source: June 1997 Mtg., Bd. Dec. 393;

Amended by June 1999 Mtg., Bd. Dec. 348; June 2002 Mtg., Bd. Dec. 293; November 2004 Mtg., Bd. Dec. 158

- 69.040.1.3. Other Reimbursable Expenses Over and Above the Annual Expense Allocation (Reported as Taxable to the Recipient)

Co-payments (deductible) required under officer travel medical insurance *(November 2004 Mtg., Bd. Dec. 158)*

Source: June 1997 Mtg., Bd. Dec. 393;

Amended by June 2002 Mtg., Bd. Dec. 293; November 2004 Mtg., Bd. Dec. 158

- 69.040.1.4. Other Reimbursable Expenses for the President and the President-Elect (Taxable Reimbursement to the Recipient)

The president and president-elect are provided with the use of a condominium while in Evanston (see Section 69.040.1.6.). However, they typically maintain their principal residence while in office and may incur some expenses directly related to their absence from the residence. Additionally, they incur other extraordinary expenses directly related to their role as president and president-elect while traveling on official RI business. The president and president-elect shall be reimbursed to cover the incremental cost of the following extraordinary annual expenses for the officer and partner, including the taxes payable on these expenses:

1. Costs of maintaining their principal residences, limited to residence insurance costs, utilities, security, lawn and garden maintenance, periodic cleaning and housekeeping, automobile insurance, and administrative expenses related to their absence from the principal residence (not to exceed US\$35,000)
2. Reasonable and necessary costs for clothing, footwear, and luggage (not to exceed US\$5,000), excluding accessories or jewelry
3. Reasonable and necessary personal expenses incurred while traveling on RI business (not to exceed US\$1,500) limited to haircuts and haircare, nail care, and accessories for electronic devices used for Rotary business
4. Tax advice and preparation (not to exceed US\$7,000)
5. Health club memberships (not to exceed US\$1,500)
6. Employee equivalent of annual out-of-pocket maximum (not to exceed US\$18,000) for medical/dental insurance for eligible and medically-necessary care rendered while on Rotary business in the United States
7. Any taxes payable by the recipient with respect to the expenses reimbursed in this section (tax rate not to exceed 46%)

(April 2024 Mtg., Bd. Dec. 124)

Source: November 2004 Mtg., Bd. Dec. 158;

Amended by June 2005 Mtg., Bd. Dec. 330; February 2006 Mtg., Bd. Dec. 207; January 2011 Mtg., Bd. Dec. 172; October 2018 Mtg., Bd. Dec. 43; April 2024 Mtg., Bd. Dec. 124

69.040.1.5. Items Not Reimbursable by RI

Any item not identified as reimbursable under this policy, shall not be reimbursable, including, but not limited to:

1. Personal toiletries
2. Medical prescriptions or over the counter medications while traveling on RI business
3. Personal services (beauty salon, haircuts, health clubs)
4. Expenses of partners except as otherwise allowed by this policy
5. Expenses of other family members, including children, except as allowed by Board policy for the President and President-elect at the International Convention
6. Clothing (except for Presidents' jacket, tie and accessories)
7. Luggage
8. Video rentals
9. Non-Rotary business-related entertainment
10. Personal telephone, fax and e-mail

(June 2002 Mtg., Bd. Dec. 293)

Source: June 1997 Mtg., Bd. Dec. 393;

Amended by June 1999 Mtg., Bd. Dec. 348; June 2002 Mtg., Bd. Dec. 293

69.040.1.6. Expenses of the President and President-Elect While in Evanston, Use of Condominium and Trips to Their Permanent Residence

The president and president-elect are provided with the use of a condominium while in Evanston. The president and president-elect shall be reimbursed for the costs of reasonable and necessary meals and grocery expenses while in Evanston on Rotary business, including partner expenses when accompanied by proper business purpose documentation.

The value of the condominium and the meal and grocery expenses of the president and president-elect while in Evanston and the transportation costs for trips to their permanent residence may be taxable to them under United States tax law depending upon factors unique to each president and president-elect. The general secretary shall retain an outside tax consultant to meet annually with the president, president-elect and president-nominee to evaluate the relevant factors and determine whether these items will be taxable. If it is determined that these values are taxable to the president and/or the president-elect, RI shall reimburse any taxes payable. *(April 2025 Mtg., Bd. Dec. 122)*

Source: June 2002 Mtg., Bd. Dec. 293;

Amended by November 2004 Mtg., Bd. Dec. 158; June 2005 Mtg., Bd. Dec. 330; April 2025 Mtg., Bd. Dec. 122

69.040.1.7. Executive Physicals

Each president may be reimbursed up to US\$5,500 for expenses associated with one executive physical, including reasonable and necessary travel expenses, to take place before or during their term as president. This non-taxable funding is limited to medical diagnostic procedures that meet all of the following requirements:

- The procedures must be performed at a facility that provides only medical or ancillary services.
- The procedures must be for routine medical examinations, blood tests, X-rays, or similar test.
- The procedures cannot be for the treatment, cure, or testing of a known illness or disability, or the treatment or testing for a physical injury, complaint, or specific symptom

They are strongly encouraged to undertake this executive physical before their term as president begins, ideally during their nominee term. (*April 2024 Mtg., Bd. Dec. 124*)

Source April 2024 Mtg., Bd. Dec. 124

69.040.1.8. Other Expenses of the President and President-Elect and Their Partner

RI business related expenses incurred by the president and president-elect are funded for visits to clubs, districts, and other travels reasonably associated with their positions, including partner expenses when accompanied by proper business purpose documentation. When developing their operating budgets, the following limits will apply, assuming travel originates from within the United States:

- Up to 32 international trips and 18 domestic (US) trips for the president and their partner
- Up to 12 international trips and 30 domestic (US) trips for the president-elect and their partner
- Production of funded items to include only the tie, governor-elect badge, scarf, bag, pocket square, and bowtie
- Up to US\$7,000 for special gifts to distribute during the presidential term, including any gifts for dignitaries and heads of state, Rotary Senior Leaders, and local aides

Once the operating budget is finalized, the president or president-elect can adjust plans as needed within the budgeted total dollar amount. Any proposed expenditure exceeding the operating budget is subject to the process outlined in Rotary Code of Policies Section 27.080.7. (*October 2024 Mtg., Bd. Dec. 22*)

Source: September 2020 Mtg., Bd. Dec. 25

Amended by April 2023 Mtg., Bd. Dec. 109; May 2024 Mtg., Bd. Dec. 171; October 2024 Mtg., Bd. Dec. 22

69.040.1.9. Travel Expenses of the Aids to the President and President-Elect and Their Partner

The president's aide and the president-elect's aide, and their partners when accompanied by proper business purpose documentation, are funded to attend the International Assembly, International Convention, planning meetings in Evanston, and other travel as assigned by the president or president-elect. When developing the president's and president-elect's operating budgets, the following limits will apply:

- Up to six trips to Evanston for planning meetings and two international trips for the President's Aide and partner, excluding their travel to the International Assembly and International Convention
- Up to eight trips to Evanston for planning meetings and one international trip for the President-elect's Aide and partner, excluding their travel to the International Assembly and International Convention

Once the operating budget is finalized, the president or president-elect can adjust plans as needed within the budgeted total dollar amount. Any proposed expenditure exceeding the operating budget is subject to the process outlined in Rotary Code of Policies section 27.080.7. (*April 2023 Mtg., Bd. Dec. 109*)

Source: September 2020 Mtg., Bd. Dec. 25

Amended by April 2023 Mtg., Bd. Dec. 109

69.040.1.10. Travel Expenses of the President-Nominee, the President-Nominee's Partner, the President-Nominee's Aide, and the Aide's Partner

RI business related expenses incurred by the president-nominee are funded to attend RI Board Meetings, International Assembly, International Convention, Council on Legislation, and up to five orientation and planning visits to Evanston associated with his or her position, including partner expenses when accompanied by proper business purpose documentation.

The Aide to the president-nominee and their partner, when accompanied by proper business purpose documentation, is also funded to attend the International Assembly, International Convention, and up to five planning meetings in Evanston, as designated by the president-nominee.

Once the nominee's operating budget is finalized, they can adjust their plans as needed within the budgeted total dollar amount. Any proposed expenditure exceeding the operating budget is subject to the process outlined in Rotary Code of Policies section 27.080.7. (*April 2023 Mtg., Bd. Dec. 109*)

Source: September 2020 Mtg., Bd. Dec. 25

Amended by April 2023 Mtg., Bd. Dec. 109

69.040.1.11. Master Account

The general secretary shall limit the use of master account billing procedures to the costs of the hotel room and tax only. All other business expenses will be reimbursed according to the standard reimbursement procedures for RI directors. *(November 2001 Mtg., Bd. Dec. 146)*

Source: August 1999 Mtg., Bd. Dec. 48;
Amended by November 2001 Mtg., Bd. Dec. 146

69.040.1.12. Reimbursement Procedures

All requests for reimbursement of expenses or payment of credit card bills shall be substantiated utilizing a RI expense statement form and must be approved by the chief financial officer, subject to review by the general secretary and the RI treasurer. All expenses in excess of US\$75 must be substantiated with a receipt. *(November 2002 Mtg., Bd. Dec. 177)*

Source: November 2001 Mtg., Bd. Dec. 146;
Amended by June 2002 Mtg., Bd. Dec. 293

69.040.1.13. Advances

Advances are generally not provided to RI officers. Any advances that are approved shall be provided within 30 days of when an expense is to be paid or incurred. All expenses that are not substantiated, utilizing a RI expense statement form, within 60 days of when they are paid or incurred should be placed on the officer's personal account for collection. If these funds are not collected within 120 days of when they were expended or incurred, they should be reported as taxable to the recipient on the relevant form, and the individual should receive appropriate tax reporting statements which give notice that the payments are taxable. Notification that the payments are taxable to the recipient shall not discharge the amount owed to RI by the recipient. *(November 2004 Mtg., Bd. Dec. 158)*

Source: November 1999 Mtg., Bd. Dec. 251;
Amended by June 2002 Mtg., Bd. Dec. 293; November 2004 Mtg., Bd. Dec. 158

69.040.1.14. Rotary International Policy Statement Prohibiting Personal Use of RI-Owned Automobiles

The following policy governs the use by any individual of any RI-owned or leased vehicle:

1. Any individual provided with a RI-owned automobile shall use such vehicle for use in connection with RI's trade or business;
2. When the vehicle is not in use for RI trade or business, it is to be kept on RI's business premises, unless it is temporarily located elsewhere, for example, for maintenance or because of a mechanical failure;
3. No individual may use the vehicle for personal purposes, except for de minimus personal use;
4. RI reasonably believes that, except for de minimus use, neither an employee, nor any individual whose use would be taxable to the employee, may use the vehicle for any personal purpose.

The general secretary will develop procedures and documentation for those using such RI-owned vehicles to substantiate that the use of such vehicles meets the preceding conditions. (August 1999 Mtg., Bd. Dec. 53)

Source: August 1999 Mtg., Bd. Dec. 53

69.040.1.15. RI Corporate Credit Cards

The president, president-elect, and president-nominee shall be the only volunteers who are issued RI corporate credit cards for use in paying for business expenses during their years in office. Upon request, the partners of such volunteers shall also be issued corporate credit cards for paying for business expenses. All credit card charges shall be placed on the volunteer's personal account for collection. However, any charge that is substantiated by properly completing a RI expense statement form (and attaching necessary documentary evidence, including all hotel bills and credit card receipts, and a statement of the business purpose of all expenses) within 60 days of the charge will be removed from the volunteer's personal account. Any charge that is not substantiated within 60 days and that is not paid back to RI within 120 days of the charge should be reported as taxable to the volunteer on the appropriate tax reporting forms. Notification that a payment is taxable to the volunteer shall not discharge the amount owed to RI by the volunteer. The general secretary shall notify the volunteer by letter when an amount owed has not been paid after 90 days of the charge. If unsubstantiated expenses are not repaid within 120 days of the charge, the general secretary shall cancel the volunteer's credit card.

The executive committee shall review any expenditures made with the RI corporate credit cards that are not provided for in the guidelines noted in the RI Policy on Reimbursable Expenses for Directors for RI. Corporate cards used for personal items or in conflict with the above procedures may be cancelled. (November 2004 Mtg., Bd. Dec. 158)

Source: August 1999 Mtg., Bd. Dec. 54;

Amended by November 2002 Mtg., Bd. Dec. 177; November 2004 Mtg., Bd. Dec. 158

69.040.1.16. Acknowledgement of Obligations

Each director will annually acknowledge that he or she is familiar with and will abide by the requirements of the RI travel policies. (June 2009 Mtg., Bd. Dec. 276)

Source: June 2009 Mtg., Bd. Dec. 276

69.040.1.17. Interpretation

The executive committee may make interim decisions as to the interpretation of this policy. Any interim decision made by the executive committee shall be reported to the Board at its next meeting. The Board shall make all final decisions regarding the interpretation of this policy. (June 2002 Mtg., Bd. Dec. 293)

Source: June 2002 Mtg., Bd. Dec. 293

Rotary International Code of Policies

June 2025

69.040.2. Reimbursement of Partner Expenses at Board Meetings

Partners of directors will not be funded to attend RI Board meetings except for those held in conjunction with the International Assembly and the International Convention. (*June 2010 Mtg., Bd. Dec. 182*)

Source: January 2010 Mtg., Bd. Dec. 167

69.040.3. Reimbursement of Expenses to Rotary General Officers

All Rotary-related expenditures made by the president or president-elect should be made using funds from budgeted line items. RI shall reimburse all budgeted Rotary-related business expenses incurred by the president, president-elect, or president-nominee. All requests from the president, president-elect, president-nominee and Directors for reimbursement of expenses or payment of credit card bills must be substantiated by utilizing a RI expense statement form and must be approved by the chief financial officer and are subject to review by the RI Treasurer. All expenses in excess of US\$75 must be substantiated with a receipt. (*November 2004 Mtg., Bd. Dec. 58*)

Source: November 2001 Mtg., Bd. Dec. 146; June 2002 Mtg. Bd. Dec. 294;

Amended by June 2002 Mtg., Bd. Dec. 292; November 2002 Mtg., Bd. Dec. 177; November 2004 Mtg., Bd. Dec. 58

69.040.4. Disclosure of Payments to RI General Officers

Any payments provided to Rotary senior leaders, other than reasonable, documented expenditures reimbursable pursuant to the expense reimbursement policy established by the Board, shall be disclosed on an annual basis to Rotarians through publication in *Rotary* magazine and the licensed regional magazines and as a separate line item for each officer in RI's annual report. (*January 2019 Mtg., Bd. Dec. 80*)

Source: June 2001 Mtg., Bd. Dec. 371; February 2003 Mtg., Bd. Dec. 287;

Amended by November 2004 Mtg., Bd. Dec. 58; June 2006 Mtg., Bd. Dec. 220; October 2018 Mtg., Bd. Dec. 68

69.040.5. Use of Rotary Credit Cards by Senior Leaders

The Board recommends that all Rotary senior leaders from countries with credit card programs use Rotary credit cards to pay for all RI reimbursable expenses. (*June 2009 Mtg., Bd. Dec. 217*)

Source: November 2004 Mtg., Bd. Dec. 151

Cross-References

27.080. *President's Finances*

30.010.4. *President-Elect's Travel Expenses*

30.020.2. *President-Nominee Expenses*

69.050. Officer Expenses

69.050.1. Expenses for Individuals Accompanying the President

It shall be at the discretion of the president as to who should accompany him or her at any stage of his or her travels throughout the Rotary world and how the expenses of such persons should be met. (*June 1998 Mtg., Bd. Dec. 348*)

Source: February 1995 Mtg., Bd. Dec. 140

69.050.2. Expenses for Club and District Visits

Clubs and districts are reminded that if they invite RI General Officers to an event, those clubs and districts should expect to pay the reasonable travel, lodging and meal expenses of these officers. (*June 1998 Mtg., Bd. Dec. 348*)

Source: March 1993 Mtg., Bd. Dec. 189; July 1991 Mtg., Bd. Dec. 2

69.050.3. Reimbursement to Present and Past RI Officers for Unbudgeted Expenses

The expenses of officers of RI in the performance of their duties are reimbursable by RI to the extent of budget appropriations for such expenses. The expenses for past officers as they may relate to RI committees or in other activities for which provision is made in the RI budget are also reimbursable. No other payments to present or past officers will be provided. (*June 1998 Mtg., Bd. Dec. 348*)

Source: January 1954 Mtg., Bd. Dec. 159

69.060. Miscellaneous Financial Matters

69.060.1. Contributions to and Support for Other Organizations

The funds of RI have been provided by its member clubs exclusively for its own purposes and, therefore, contributions cannot be made for activities of other organizations. (*June 1998 Mtg., Bd. Dec. 348*)

Source: January 1955 Mtg., Bd. Dec. 87

69.060.2. Funding for the Paul P. Harris Memorial Building

Financial support shall be provided for the maintenance of the Paul P. Harris Memorial Building in Wallingford, Vermont, USA, based upon documented expenses from District 7870, and not to exceed US\$5,000 annually. (*November 2007 Mtg., Bd. Dec. 32*)

Source: March 1994 Mtg., Bd. Dec. 212;

Amended by June 2007 Mtg., Bd. Dec. 271

69.060.3. Substantiation of Reimbursement of Reimbursable Expenses

All requests for reimbursement of business expenses shall be submitted on a RI expense statement within 60 days of when the expenses were incurred. All expenses in excess of US\$75 must be substantiated with a receipt. Expense statements received after 60 days will not be reimbursed unless authorized by the general secretary in exceptional cases where circumstances warrant such action. *(November 2004 Mtg., Bd. Dec. 159)*

Source: February 1999 Mtg., Bd. Dec. 272;

Amended by November 2004 Mtg., Bd. Dec. 159

Cross-References

- 36.090. *Invitations for RI to Attend Meetings of Other Organizations*
 - 37.020.3. *Support for RI Representatives to UN*
 - 48.020. *Translation Expenses*
 - 51.020.2. *Financial Support for Magazine Editors Seminar*
 - 51.030. *Guidelines for New Publications*
 - 57.100. *Convention Finances*
 - 58.060. *International Assembly Finances*
 - 59.080. *Council Finances*
 - 60.020.2. *Regional Magazine Editors' Expenses at International Institute*
 - 60.040. *International Institute Finances*
 - 60.010. *Expenses for Rotary Institute*
-

ARTICLE 70. INVESTMENTS

- 70.010. Investment Policy Statement – Rotary International General Fund
- 70.020. RI Reserve Policy
- 70.030. Foreign Currency Management Policy
- 70.040. Restricted Currencies
- 70.050. Budgeted Investment Earnings and Investment Earnings Reserve

70.010. Investment Policy Statement – Rotary International General Fund

70.010.1. Purpose of the General Fund

The primary purpose of the General Fund, hereinafter referred to as “the Fund,” is to provide for the long-term financial security of Rotary International (“RI”). The Fund includes RI’s (1) unrestricted cash, plus (2) marketable securities, plus (or minus) (3) any receivable (or payable) from (or to) The Rotary Foundation.

Other objectives for the marketable securities portion of the Fund include (1) meeting RI’s financial goal of maintaining a reserve, (2) providing investment earnings to supplement revenue from other sources so that RI can meet operating expenses if need be and produce a balanced budget, and (3) provide liquidity, if needed, for working capital purposes.

RI’s unrestricted cash is used for working capital purposes and resides in bank accounts throughout the world. RI’s primary source of working capital is held at its main operating bank in the U.S. Specific investment guidelines for unrestricted and restricted cash are found in Rotary Code section 70.010.18. (*September 2017 Mtg., Bd. Dec. 64*)

Source: November 1996, Mtg., Bd. Dec. 151.

Amended by June 2002 Mtg., Bd. Dec. 302; November 2002 Mtg., Bd. Dec. 183; June 2010 Mtg., Bd. Dec. 260; September 2017 Mtg., Bd. Dec. 64

70.010.2. Delegation of Responsibilities

The Board of Directors of RI (the “Board”) is responsible for setting overall investment policy, including the investment objectives and asset allocation strategy, and for approving any changes to this Investment Policy Statement (“IPS”).

The RI Finance Committee through its representation on The Rotary Foundation’s Investment Committee (“IC”) is responsible for recommending investment policies and for monitoring the performance of investment managers. As enumerated in the Investment Committee Charter, the IC is responsible for recommending investment policies and guidelines for the investment portfolio, ensuring that the portfolio is managed in compliance with the IPS including the decisions by staff to allocate assets to investment managers, funds and strategies, reviewing and monitoring investment results, and acting in a consultative capacity for the RI Finance Committee. The Chair of the RI Finance Committee and a member of the RI Finance Committee appointed at the discretion of the Chair will attend meetings of the IC when investment matters affecting RI are discussed.

The RI Finance Committee attendees have voting rights with respect to matters that impact RI's investment portfolio.

The Office of Investment ("ROI") is comprised of the Chief Investment Officer and investment staff. The ROI is responsible for implementation of the IPS on behalf of the Board. The ROI is delegated by the Board responsibility to allocate assets to investment managers, funds, and strategies, to implement the Fund's investment policy and asset allocation strategy.

The ROI may utilize at its discretion the services of an investment consultant to provide research and consultation to the ROI. A non-discretionary investment advisor also has been appointed to implement the direct hedge fund program in accordance with the investment preferences outlined in Rotary Code of Policies section 70.010.17. (*September 2017 Mtg., Bd. Dec. 64*)

Source: November 1996 Mtg., Bd. Dec. 151;

Amended by June 2001 Mtg., Bd. Dec. 430; May 2003 Mtg., Bd. Dec. 324; November 2009 Mtg., Bd. Dec. 98; June 2010 Mtg., Bd. Dec. 260; January 2012 Mtg., Bd. Dec. 158; September 2016 Mtg., Bd. Dec. 21; September 2017 Mtg., Bd. Dec. 64

70.010.3. Investment Goals and Objectives

This statement of investment goals and objectives expresses the Fund's position regarding risk tolerance and the asset allocation of the Fund; sets forth an appropriate set of goals and objectives for the Fund's assets; and defines parameters within which the investment managers may formulate and execute their investment decisions.

The investment objective of the Fund is to generate sufficient earnings to enable RI to balance its annual budget, while mitigating downside risk. Other investment objectives are to preserve the capital allocated to the operating reserve and provide liquidity when operating cash is insufficient to cover operating expenses.

Given that investment earnings are likely to be greater to or less than those budgeted, the RI Board established an Investment Earnings Reserve into which excess earnings are transferred or from which investment earnings shortfalls are funded. (*See Rotary Code of Policies sections 70.020. and 70.050.*)

The performance objective of the Fund is to achieve a rate of return consistent with the expected return of the target allocation found in Rotary Code of Policies section 70.010.15. Over a three- to five-year period, the rate of return earned by the Fund should exceed the annualized total return of the custom index or "Policy Index" on a net-of-fee basis.

The Policy Index is defined by the following indices and allocated based on the target allocation:

<u>Index</u>	<u>Asset Class/Strategy</u>
MSCI ACWI IMI	Global Equities

Dow Jones US Total Stock Market	US Equities
MSCI ACWI IMI ex US	Non-US Equities
MSCI Emerging Markets Small Cap Index	Emerging Market Equities
BC Aggregate	Core Fixed Income
50% BC Global Agg/25% BC HY/25% JPM EM	Non-Core Fixed Income
60% MSCI World/40% BC Global Aggregate	Global Asset Allocation
50% BC TIPS; 30% DJ UBS Commodities Index 20% MSCI ACWI IMI	Real Assets
Credit Suisse Hedge Fund Index	Hedge Funds

For performance evaluation purposes, all rates of return will be examined on a net-of-fee basis.

Normally, results are evaluated over a three- to five-year time horizon. However, shorter-term results will be regularly reviewed and earlier action taken as required. (*September 2016 Mtg., Bd. Dec. 21*)

Source: June 2010 Mtg., Bd. Dec. 260;

Amended by June 2013 Mtg., Bd. Dec. 249; October 2014 Mtg., Bd. Dec. 98; September 2016 Mtg., Bd. Dec. 21

70.010.4. General Investment Guidelines

Overall Fund structure targets and permissible ranges for eligible asset classes are detailed in Rotary Code of Policies section 70.010.15. Performance objectives for asset classes are included in Rotary Code of Policies section 70.010.16. Rotary Code of Policies section 70.010.17. contains the investment preferences for the Direct Hedge Fund Portfolio. The investment managers should determine that the securities to be purchased are consistent with the guidelines expressed in this Investment Policy Statement and suitable for this Fund.

Full discretion, within the parameters of this IPS, is granted to the investment managers regarding the asset allocation, the selection of securities, and the timing of transactions. All investments will be made in accordance with a pre-approved investment management agreement that outlines the limitation of the investable securities. The investment manager is responsible for making an independent analysis of each security and its appropriateness as an investment for this Fund. (*September 2016 Mtg., Bd. Dec. 21*)

Source: June 2010 Mtg., Bd. Dec. 260;

Amended by October 2014 Mtg., Bd. Dec. 98; September 2016 Mtg., Bd. Dec. 21

70.010.5. Investment Guidelines

Cash

Cash investments will be invested in accordance with section 70.010.18. of this IPS.

Public Equity

Public equity consists of U.S. equity, non-U.S. equity, global equity, and emerging market equity mandates as further described below.

U.S. Equity Investment Mandates

U.S. equity is defined as equity securities of companies that are listed on U.S. registered exchanges or actively traded in the over-the counter market. The market capitalization of securities should be largely consistent with securities held in appropriate indices. American Depository Receipts (“ADRs”), which are U.S. dollar denominated foreign securities traded on the U.S. stock exchanges (e.g., Reuters, Nestle, Sony) may be held by each U.S. equity manager in proportions which each investment manager shall deem appropriate.

Non- U.S. Equity Investment Mandates

Non-U.S. equity is defined as equity securities of companies listed in their local markets or ADRs and Global Depository Receipts (“GDRs”). The manager may hedge currency exposure through the use of derivative instruments. Emerging markets equity is permitted and should be largely consistent with a pre-approved benchmark.

Emerging Market Equity Mandates

Emerging market equity is defined as equity securities of companies listed in emerging market (as defined by MSCI) countries. The manager may hedge currency exposure through the use of derivative instruments.

Global Equity Investment Mandates

The intent of these strategies is to give managers the flexibility to invest across equity markets, defined above, based on the manager’s view of opportunities. Managers should invest within the context of controlled risk and added return.

Equity holdings consist of equity securities of companies that are listed on registered local exchanges or actively traded in the over-the counter market. The manager may hedge currency exposure through the use of derivative instruments. Emerging markets equity is permitted with a pre-approved benchmark.

Fixed Income

Fixed Income includes core, non-core, and short duration mandates as further described below.

Fixed Income Investment Mandates (interest rates)

Eligible securities are broad fixed income securities publicly traded in respective domestic markets and may include, but are not limited to, U.S. government and agency obligations, mortgage-backed securities, corporate bonds, debentures, and commercial paper. This mandate should be largely U.S. fixed income securities, with the minimum quality rating of the overall weighted average quality AA or higher. The duration of the portfolio should be largely consistent with appropriate indices. Unless otherwise agreed to, the duration of the portfolio must be within 20% of the appropriate benchmark.

Compliance with classifications provided by rating agencies (Moody’s, S&P, and Fitch) is not sufficient for an issue to be deemed an appropriate investment. The investment manager

is responsible for making an independent analysis of the credit-worthiness of securities and their appropriateness as an investment for this Fund.

Fixed Income Investment Mandates (credit)

Eligible securities are broad fixed income securities publicly traded in respective domestic markets and may include, but are not limited to, U.S. government and agency obligations, global high yield, global credit and emerging market debt. Guidance on overall average quality of the non-core fixed income is B or higher. The duration of the portfolio should be largely consistent with appropriate indices. Unless otherwise agreed to, the duration of the portfolio must be within 20% of the appropriate benchmark.

Compliance with classifications provided by rating agencies (Moody's, S&P, and Fitch) is not sufficient for an issue to be deemed an appropriate investment. The investment manager is responsible for making an independent analysis of the credit-worthiness of securities and their appropriateness as an investment for this Fund.

Real Estate

Real estate is permissible as a long-term inflation hedge and source of current income as well as the potential for capital appreciation. The real estate allocation will be invested in liquid strategies investing in core, stabilized, income-generating assets. (September 2017 Mtg., Bd. Dec. 64)

Source: June 2010 Mtg., Bd. Dec. 260;

Amended by January 2012 Mtg., Bd. Dec. 158; June 2013 Mtg., Bd. Dec. 249; October 2014 Mtg., Bd. Dec. 98; September 2016 Mtg., Bd. Dec. 21; September 2017 Mtg., Bd. Dec. 64

70.010.6. Socially Responsible Investing

Socially Responsible Investing (“SRI”) is the practice of making investment decisions on the basis of both financial and perceived social performance of a company. SRI imposes restrictions on the ability of investment managers to own securities of companies operating in certain economic sectors or regions of the world. Proponents of SRI typically state that such restrictions align an organization’s investment practices with its mission.

Investment advisors selected to manage assets of RI are expected to practice corporate socially responsible investing (“CSR”). CSR functions as a self-regulatory mechanism whereby a business monitors its activities to ensure compliance with laws, regulations, ethical standards, and national or international norms.

In addition, RI considers the alignment of these firms with Rotary values. Alignment with these values and CSR investment practices are expected to positively affect the lives of the firm’s employees, suppliers, customers, and the broader community surrounding the business. (September 2017 Mtg., Bd. Dec. 64)

Source: September 2017 Mtg., Bd. Dec. 64

70.010.7. Derivatives Policy

Derivative instruments are permitted only as specified in this Investment Policy Statement. Where appropriate, investment managers may use derivative securities for the following reasons:

1. *Hedging*. To the extent that the portfolio is exposed to clearly defined risks and there are derivative contracts (i.e. futures and options) that can be used to reduce those risks and achieve other portfolio structural objectives, the investment managers are permitted to use such derivatives for hedging purposes.
2. *Creation of Market Exposures*. Investment managers are permitted to use derivatives to replicate the risk/return profile of an asset or asset class provided that the guidelines for the investment manager allow for such exposures to be created with the underlying assets themselves.
3. *Management of Country and Asset Allocation Exposure*. Investment managers charged with tactically changing the exposure of their portfolio to different countries and/or asset classes are permitted to use derivative contracts for these purposes.

Non-U.S. equity, emerging market equity, and global bond managers may enter into forward exchange contracts for currencies provided that the use of such contracts is designed to dampen portfolio volatility rather than lever portfolio risk exposure. Currency contracts may be utilized to either hedge the portfolios currency risk exposure or in the settlement of securities transactions.

Non-U.S. equity, emerging market equity, and global bond managers may employ an active currency management program and deal in futures and options within the discipline of that currency management program. The use of futures and options to establish a leveraged position is prohibited.

By way of amplification, it is noted that the following two uses of derivatives are prohibited for the financial assets unless provided an exemption by the Board:

1. *Leverage*. Derivatives shall not be used to magnify overall portfolio exposure to an asset, asset class, interest rate, or any other financial variable beyond that which would be allowed by a portfolio's investment guidelines if derivatives were not used.
2. *Unrelated Speculation*. Derivatives shall not be used to create exposures to securities, currencies, indices, or any other financial variable unless such exposures would be allowed by a portfolio's investment guidelines if created with non-derivative securities.

(September 2016 Mtg., Bd. Dec. 21)

Source: June 2010 Mtg., Bd. Dec. 260;

Amended by September 2016 Mtg., Bd. Dec. 21

70.010.8. Rebalancing Policy

The Fund will be rebalanced when an asset class reaches the minimum or maximum allocation specified above if routine cash flows are available. Routine cash flows, or derivative instruments as governed by the previous guidelines, may be used to maintain the allocation as close as practical to the target allocations. If routine cash flows are insufficient to maintain the allocation within the permissible ranges as of any calendar quarter-end, funds may be transferred as necessary between asset classes to bring the allocation back within the permissible ranges. *(September 2017 Mtg., Bd. Dec. 64)*

Source: June 2010 Mtg., Bd. Dec. 260;

Amended by September 2017 Mtg., Bd. Dec. 64

70.010.9. Diversification

The Fund is to be diversified so as to limit the impact of large losses in individual investments of the Fund unless it is reasonably determined that there are special circumstances indicating that the organization is better served not to diversify the investment.

Total assets managed by any single manager should not exceed 15% of total investments for Rotary International and The Rotary Foundation at the time of purchase and should not exceed 20% of total investments for Rotary International and The Rotary Foundation at any time. *(September 2017 Mtg., Bd. Dec. 64)*

Source: November 1996 Mtg., Bd. Dec. 151;

Amended by May 2003 Mtg., Bd. Dec. 426; June 2010 Mtg., Bd. Dec. 260; October 2014 Mtg., Bd. Dec. 98; September 2017 Mtg., Bd. Dec. 64

70.010.10. Liquidity Needs

Liquidity needs will first be met from unrestricted cash. Should there be insufficient unrestricted cash, the general secretary shall arrange for cash withdrawals from investments to meet spending needs. The source of funds for these withdrawals will be based on rebalancing and cost considerations. *(June 2010 Mtg., Bd. Dec. 260)*

Source: June 2010 Mtg., Bd. Dec. 260

70.010.11. Proxy Voting

Responsibility is delegated to the ROI to determine how to vote proxies on behalf of Rotary International. *(September 2017 Mtg., Bd. Dec. 64)*

Source: September 2017 Mtg., Bd. Dec. 64

70.010.12. Securities Lending

For funds managed in a separate account format, the Fund may not participate in securities lending unless approved by the Board, based on recommendations from the ROI. Any authorization for securities lending in separate accounts must be reported as an information

item at the next Board meeting. Commingled funds and mutual funds are exempt from this restriction. *(September 2017 Mtg., Bd. Dec. 64)*

Source: June 2010 Mtg., Bd. Dec. 260;
Amended by September 2017 Mtg., Bd. Dec. 64

70.010.13. Commingled Funds or Institutional Mutual Funds

In recognition of the benefits of commingled funds as investment vehicles (i.e., the ability to diversify more extensively than in a small, direct investment account and the lower costs which can be associated with these funds) these funds may, from time to time, be utilized. The Board recognizes that specific policy directives cannot be given to a fund whose policies are established and governed by a prospectus or offering document. *(September 2017 Mtg., Bd. Dec. 64)*

Source: June 2010 Mtg., Bd. Dec. 260;
Amended by September 2017 Mtg., Bd. Dec. 64

70.010.14. Control Procedures

Standards of Conduct for Investment Managers and Advisors

The expected standards of conduct for investment managers and advisors are derived from the CFA Institute Code of Ethics and Standards of Professional Conduct.

Conflict of Interests on Investments and Restrictions on Investments

It is the policy of the RI Board that general officers and RI committee members shall act in a manner consistent with their responsibilities to Rotary International and avoid circumstances in which their financial or other ties to outside persons or entities could present an actual, potential, or the appearance of a conflict of interest or impair the reputation of Rotary International.

RI Finance Committee members representing RI on the Investment Committee are required to abide by RI Code of Policies Section 28.090. Conflict of Interest Policy, which is incorporated into this Investment Policy Statement by reference.

Review of Investment Objectives

The achievement of investment objectives will be reviewed on an annual basis. This review will focus on the continued feasibility of achieving the objectives and the continued appropriateness of the Investment Policy Statement. It is not expected that the Investment Policy Statement will change frequently; in particular, short-term changes in the financial markets should generally not require an adjustment in the Investment Policy Statement.

Review of Investment Managers

With a perspective toward three-year and five-year time horizons, the managers will be evaluated on the following factors and criteria to determine if a manager has

1. Performed satisfactorily when compared with the specific objectives for its portfolio

2. Produced results that compare favorably to other investment management organizations managing similar portfolios
3. Exceeded the returns of appropriate market indices
4. Made portfolio management decisions that were reasonable and effective in view of capital market developments
5. Adhered to the relevant policies and objectives

Among the events that will be examined closely in its review of investment managers are

1. Poor results relative to objectives over a fairly short period of time (e.g., one year)
2. Poor absolute performance over a three- to five-year period
3. The departure of one or more key investment professionals
4. Violation of an investment guideline
5. Material changes in the manager's organization, such as philosophical and personnel changes, acquisitions or losses of major accounts, a change in ownership or control of the investment management organization, etc.

Review of Investment Consultant

A formal written evaluation of Rotary's investment consultant will be conducted every five years, unless circumstances dictate the need for a more frequent evaluation. This evaluation will be conducted in accordance with Rotary's Policy for Investment Consultant Evaluation. (See Rotary Code of Policies section 70.010.19.)

Reporting Requirements

Within six weeks after the end of each calendar quarter, the general secretary and/or the Fund's investment consultant will prepare a report containing information on the investment performance of the Fund in total and for each manager.

Each active investment manager will be required to submit a quarterly report within six weeks after the end of each calendar quarter containing the following information:

1. Review of investment performance (net of fees) for the quarter, fiscal year-to-date (June 30) and since-inception of the account with comments on any policy or strategy changes, which contributed either positively or negatively to that performance
2. The usage of securities lending, if any
3. Where appropriate, the use of any derivative product during the quarter, including information concerning the rationale behind the position and the size of the transaction
4. Comments on any material change in personnel, investment strategy or other pertinent information potentially affecting performance
5. List of the securities in the portfolio at the end of the quarter

On an annual basis, the investment manager will provide Part II of the Form ADV for the most recent year. (September 2017 Mtg., Bd. Dec. 64)

Source: November 1996 Mtg., Bd. Dec. 151;

Amended by June 2001 Mtg., Bd. Dec. 430; June 2010 Mtg., Bd. Dec. 260; January 2012 Mtg., Bd. Dec. 158; September 2016 Mtg., Bd. Dec. 21; September 2017 Mtg., Bd. Dec. 64

70.010.15. Strategic Asset Allocation

Over the long-term, the asset allocation policy will be the key determinant of the returns generated by the Fund and the associated volatility of returns. Based on the Fund's objectives, circumstances, and spending policy, the Board has developed the following asset mix guidelines:

	General Fund Percent of Total Fund		
	Minimum	Target	Maximum
Cash	0%	0%	5%
US Equity	5%	7.5%	10%
International Equity	10%	12.5%	15%
Fixed Income (interest rates)	32%	35%	38%
Fixed Income (credit)	31%	35%	39%
Real Estate	8%	10%	12%
Total		100%	

(September 2017 Mtg., Bd. Dec. 64)

Source: June 2001 Mtg., Bd. Dec. 430;

Amended by May 2003 Mtg., Bd. Dec. 426; November 2008 Mtg., Bd. Dec. 113; June 2010 Mtg., Bd. Dec. 260; May 2011 Mtg., Bd. Dec. 255; May 2014 Mtg., Bd. Dec. 166; October 2014 Mtg., Bd. Dec. 98; September 2016 Mtg., Bd. Dec. 21; September 2017 Mtg., Bd. Dec. 64

70.010.16. Performance Measurement Standards

The following performance measurement standards should be followed over an annualized three-to five-year period, on a net-of-fee basis:

Cash

Exceed the rate of return of 30-day T-bills.

U.S. Equity Performance Measurement Standards

All Cap Growth Equity

- exceed the rate of return of the Russell 3000 Growth Index over a full market cycle
- rank in the upper 50 percent of the consultant's all cap growth equity manager universe

All Cap Value Equity

- exceed the rate of return of the Russell 3000 Value Index over a full market cycle
- rank in the upper 50 percent of the consultant's all cap value equity manager universe

S/Mid Cap Core Equity

- exceed the rate of return of the Russell 2000 Index over a full market cycle
- rank in the upper 50 percent of the consultant's small cap core equity manager universe

Non-U.S. Equity Performance Measurement Standards

- exceed the rate of return of the MSCI ACWI IMI ex-U.S. Index over a full market cycle
- rank in the upper half of the consultant's non-U.S. equity manager universe

Global Equity Performance Measurement Standards

- exceed the rate of return of the MSCI ACWI IMI Index over a full market cycle
- rank in the upper half of the consultant's global equity manager universe

Emerging Markets Performance Measurement Standards

- exceed the rate of return of the MSCI Emerging Markets Small Cap Index over a full market cycle
- rank in the upper half of the consultant's emerging market equity manager universe

Fixed Income Performance Measurement Standards

Core Bonds

- provide a return that ranges between, but may exceed, Treasury Bills and the Barclays Capital Aggregate Bond Index over a full market cycle
- rank in the upper third of the consultant's intermediate core fixed income manager universe

Non-Core Bonds

- exceed the rate of return of the customized benchmark* over a full market cycle
* 50% Barclays Capital Aggregate / 25% JP Morgan EMBI + / 25% Barclays Capital HY -2% Issuer Cap
- rank in the upper third of the consultant's core fixed income manager universe

Hedge Fund Performance Measurement Standards

- exceed the rate of return of the Credit Suisse Hedge Fund Index over a full market cycle

Real Asset Fund Performance Measurement Standards

PIMCO All Asset Fund

- exceed the rate of return of the customized benchmark* over a full market cycle
* 40% BC Agg / 30% BC US TIPS / 10% S&P 500 / 10% BC HY / 10% JPM EMBI+

- rank in the upper 50 percent of the consultant's real assets equity manager universe

Global Balanced Asset Allocation Fund Performance Measurement Standards

- GMO Global Balanced Asset Allocation
- exceed the rate of return of the customized benchmark* over a full market cycle
* 65% MSCI ACWI / 35% BC Aggregate.

BlackRock Global Asset Allocation

- exceed the rate of return of the customized benchmark* over a full market cycle
*60% MSCI World / 40% CITI WGBI (September 2016 Mtg., Bd. Dec. 21)

Source: June 2010 Mtg., Bd. Dec. 260;

Amended by January 2012 Mtg., Bd. Dec. 158; October 2014 Mtg., Bd. Dec. 98; September 2016 Mtg., Bd. Dec. 21

70.010.17. Investment Preferences for Direct Hedge Fund Portfolio

Goals and Objectives

The goals of the hedge fund assets are

1. Diversify risk exposures in the overall General Fund portfolio
2. Dampen the volatility of the overall General Fund portfolio
3. Achieve attractive long-term risk-adjusted return in a variety of capital market conditions

Delegation of Responsibilities

The investment consultant has discretion to select the allocation exposure, set strategic targets and hire and terminate investment managers within the preferences defined herein. The investment consultant will communicate to the Investment Committee and general secretary its decisions as soon as practicable.

Investment Guidelines

1. The hedge fund allocation shall be invested in a broad range of direct investment strategies including, but not limited to equity-linked, credit-linked, event driven, multi-strategy and macro strategies among others. Investments will be made via commingled vehicles. The investment consultant will only invest in direct strategies that are consistent with the intent of these preferences.
2. The allocation to each strategy will be reviewed at least annually with the Investment Committee, with periodic changes being implemented by the investment consultant. Any changes or modifications made to the allocation, exposure, target or ranges shall be communicated with the general secretary and the Investment Committee as soon as practicable.
3. All strategies shall be reviewed within the portfolio context. This is meant to ensure that redundancy and overlap of exposures are limited.

4. No aggregate investment with any direct hedge fund manager can represent more than 5% of the General Fund. Additionally, manager exposure shall be limited to no more than 25% of the total hedge fund allocation.
5. Certain strategies may have an initial lock-up on investments of one to three years. In building and maintaining the allocation, the investment consultant shall strive to limit lock-ups where possible.
6. All investments must have a mechanism for liquidity/exit. Minimum acceptable standards may include quarterly distributions or fees for early redemptions. In certain cases, this liquidity may be available once a lock-up period has ended.

(September 2016 Mtg., Bd. Dec. 21)

Source: October 2014 Mtg., Bd. Dec. 98;

Amended by September 2016 Mtg., Bd. Dec. 21

70.010.18. Rotary International General Fund Investment Guidelines for Cash

Scope

These investment guidelines extend the Statements of Investment Policy for the Rotary International General Fund (the Fund) and apply specifically to Rotary International's unrestricted and restricted cash.

Distinction of Responsibilities

Treasury and Investment Services will oversee the investments in accordance with these guidelines.

Maturities

1. As the assets in this fund represent the temporary investment of operating funds of Rotary International, a substantial portion of the portfolio will consist of overnight and other very short-term investments.
2. A maximum of 25% of the portfolio may be invested in securities or instruments which have a maturity date exceeding 181 days from the date of purchase.
3. A minimum of 5% of the portfolio should be available each business day. This may be satisfied by maturities or demand features.
4. The weighted average maturity of the portfolio will be limited to 90 days.
5. Floating rate instruments and variable rate instruments must have interest rate resets or potential reset frequencies of 90 days or less, and an expected final maturity or weighted average life not exceeding 18 months from the date of purchase.
6. The maturity of a security or instrument shall mean the date when final payment is due. Instruments, which have a variable/floating rate of interest, shall be deemed to have a maturity equal to the period remaining until the next readjustment of the interest rate or the period until the principal amount can be recovered through demand.

Diversification Requirements

1. Safety of principal, liquidity and marketability should be prime considerations in the selection of individual securities.
2. The total holdings of any one issue may not exceed 10% of the market value of the portfolio, with the following exceptions:
 - a. Sovereign debt issues of AAA/Aaa rated countries and agencies thereof;
 - b. Diversified money market funds;
 - c. Savings accounts at Rotary International's operating banks;
 - d. Fixed term deposits at Rotary International's operating banks.
3. With the exception of sovereign debt issues of AAA/Aaa rated countries and agencies thereof, total holdings of any one industry may not exceed 25% of the market value of the portfolio.
4. All diversification requirements apply at the time of purchase.

Investment Criteria

1. Sovereign debt issues of AAA/Aaa rated countries or agencies thereof.
2. Savings accounts, bankers' acceptances, fixed term deposits offered by the bank where the funds are on deposit.
3. With respect to commercial paper and other short-term obligations, investments and reinvestments shall be limited to obligations rated (or issued by an issuer that has been rated) at the time of purchase in a "Tier One" ratings category by the nationally recognized statistical rating organizations ("NRSROs") followed by the credit committee of the bank where the funds are on deposit.
4. With respect to bonds and other long-term obligations, investment and reinvestment shall be limited to obligations rated at the time of purchase in one of the three highest ratings by the NRSROs followed by the credit committee of the bank where the funds are on deposit.
5. Repurchase agreements 100% collateralized with direct sovereign debt securities of AAA/Aaa rated countries.
6. Money market funds adhering to the quality guideline described above.

Note that if a security held in the fund is downgraded to a quality not permitted herein after purchase, the fund may continue to hold the security if Treasury and Investment Services reasonably believes that the security will mature at par value. (October 2013 Mtg., Bd. Dec. 30)

Source: June 2010 Mtg., Bd. Dec. 260;

Amended by October 2013 Mtg., Bd. Dec. 30

70.010.19. Policy for Investment Consultant Evaluation

A formal written evaluation of Rotary's investment consultant will be conducted every five years, unless circumstances dictate the need for a more frequent evaluation. Such circumstances include (but are not limited to) arising conflicts of interest, consultant staffing instability or failure to meet Rotary's changing needs. The consultant will be evaluated based on the

1. Value added through the consultant's recommendations on
 - a. *Asset allocation.* Specifically, to what extent did the consultant's recommendations on asset allocation strategies maximize investment return while minimizing risk. This criterion will be evaluated by comparing the benchmark returns and standard deviations of those returns of each fund (Annual Fund, Endowment Fund, PolioPlus Fund, Rotary Foundation (Canada), General Fund, Retirement Fund) at the inception of the relationship to the benchmark returns and standard deviations of those returns of each fund as recommended by the consultant.
 - b. *Investment managers.* Specifically, to what extent did each fund outperform their stated benchmarks over a full market cycle.
 - c. *Investment policy and manager guidelines.* Specifically, to what extent did the policies and guidelines recommended by the consultant stipulate appropriate levels of authority, controls, and reporting, such that the Trustees and Directors were able to fulfill their fiduciary duties with respect to the funds.
 - d. *Investment manager terminations.* Specifically, to what extent did the investment consultant evaluate current investment managers in a timely manner and recommend termination as needed.
2. Quality and accuracy of quarterly investment reports, including performance measurement.
3. Ability to provide specialized studies and reports on specific investment matters.
4. Stability, depth and competency of the firm as well as the individuals staff interacts with on a daily basis.
5. Ability to work and communicate with staff and various committees, as well as responsiveness of the investment consultant.
6. Minimal, if any, conflicts of interest.
7. Experience in working with organizations similar to Rotary.
8. Peer ratings as published in industry periodicals, or otherwise provided by research organizations.
9. Fee structure.
10. Initiative in bringing forward new ideas and keeping Rotary informed of trends in endowment and foundation investment management.

Proposals from other investment consulting firms will be solicited once every ten years to ensure services provided by consultant are competitive in scope and price. The firm retained as Rotary's investment consultant will be granted a five-year contract. (*October 2014 Mtg., Bd. Dec. 98*)

Source: June 2010 Mtg., Bd. Dec. 260;

Amended by October 2014 Mtg., Bd. Dec. 98

70.010.20. Responsible Investment Principles

[Rotary International/TRF] acts responsibly and invests responsibly.

[Rotary International/TRF] recognizes that environmental, social and governance factors are material to the performance of investment portfolios, the objective of generating high long-term returns, and managing investment risk and aligns with its mission to act responsibly and create lasting positive change.

[Rotary International/TRF] will invest its financial resources and:

- promote alignment with its mission to act responsibly and create lasting positive change.
- incorporate environmental, social and governance factors into the investment analysis and decision-making process.
- consider investments which deliver tangible, measurable positive social and environmental impact in addition to the required financial return.
- be active and engaged owners and incorporate environmental, social and governance factors into the exercise of shareholder rights.

Selection and retention of investments

Maximum economic return is the primary criteria for selection and retention of investments, except in cases relating to the disposition of securities in certain circumstances described herein.

At no time will an investment be selected or retained for the purpose of encouraging or expressing approval of specific activities or, alternatively, for the purpose of placing [Rotary International/the Foundation] in a position to contest specific activities.

[Rotary International/the Foundation] will generally invest in companies demonstrating sound business practices, including a commitment to environmental sustainability, progressive work-place policies, responsible business operations particularly in jurisdictions that may not have a well-developed regulatory framework, ethical and visionary leadership, and strong corporate governance practices.

[Rotary International/TRF] will avoid investing in companies that have systematically failed to protect the environment, human rights, workers, or prove unwilling to engage in a meaningful process of change and will typically avoid investment in companies with egregious environmental profiles, direct involvement with severe human rights abuses,

pervasive or long-standing patterns of discriminatory behavior, a record of not addressing labor issues, and companies that derive significant revenue from producing, distributing, or marketing firearms, tobacco, pornography, or military weapons systems, cluster munitions, anti-personnel mines, and nuclear explosives.

Exercise of shareholder rights

[Rotary International/TRF] will exercise its right to vote on corporate matters and take such action to prevent or correct societal harm or social injury caused by a company's actions, products, or policies.

Where a finding has been made that a company's activities cause societal harm or social injury,

- [Rotary International/TRF] will vote, or cause its shares to be voted, for a proposition which seeks to eliminate or reduce the societal harm or social injury caused by a company's activities or develop a risk management regime,
- [Rotary International/TRF] will vote against a proposition which seeks to prevent such elimination, reduction, where a finding has been made that the activities which are the subject of the proposition cause societal harm or social injury, except in cases in which the proposition seeks to eliminate or reduce social injury by means which are found to be ineffective or unreasonable.

[Rotary International/TRF] will not vote its shares on any resolution which advances a position on a social or political question unrelated to the conduct of the company's business or the disposition of its assets.

Divestment (sale) of individual securities held

Where applicable, [Rotary International/TRF] will sell a security in circumstances where a finding has been made that a company's activities cause grave societal harm or social injury and:

- it is unlikely that, within a reasonable period of time, the exercise of shareholder rights will succeed in modifying the company's activities sufficiently to eliminate the societal harm or social injury, or
- it is unlikely that modification of the company's activities will, within the near future, have a sufficiently unfavorable economic impact on the company to cause [Rotary International/the Foundation] to sell the security under maximum economic return criterion, or
- it is likely that, in the normal course of portfolio management, the security in question will be sold before the action initiated by [Rotary International/the Foundation] can be completed.

The office of investment will implement these guidelines in a commercially prudent manner based on its reasoned judgment and consideration of the facts and circumstances. *(February 2022 Mtg., Bd. Dec. 110)*

Source: February 2022 Mtg., Bd. Dec. 110

70.020. RI Reserve Policy

The RI reserve shall be developed annually by the RI Board as part of the budget process. It shall be based on current industry standards and link relevant organizational risks to the organization's operations and activities. *(October 2019 Mtg., Bd. Dec. 29)*

Source: June 2002 Mtg., Bd. Dec. 302; November 2002 Mtg., Bd. Dec. 183.

Amended by May 2003 Mtg., Bd. Dec. 325; November 2004 Mtg., Bd. Dec. 155; June 2008 Mtg., Bd. Dec. 290; June 2013 Mtg., Bd. Dec. 196; October 2019 Mtg., Bd. Dec. 29

70.030. Foreign Currency Management Policy

Rotary adopts a foreign currency management policy to maximize the effectiveness of global cash management practices by reducing the impact of volatility in foreign exchange rates on Rotary's operating cash flows and to protect the forecasted value of anticipated currency exposures while minimizing the cost associated with implementing currency hedges. Rotary will not hedge for speculative purposes.

The general secretary, through delegation to the chief financial officer, will establish internal foreign currency management procedures in accordance with this policy. The Finance Committee will be responsible for reviewing the procedures from time to time as deemed necessary. *(June 2017 Mtg., Bd. Dec. 196)*

Source: June 1998 Mtg., Bd. Dec. 395;

Amended by June 2017 Mtg., Bd. Dec. 196

70.040. Restricted Currencies

It is the policy of RI to minimize funds in countries where the transfer and investment of RI funds are restricted. *(June 1998 Mtg., Bd. Dec. 348)*

Source: October 1985 Mtg., Bd. Dec. 112; February-March 1987 Mtg., Bd. Dec. 315

70.040.1. Protection of Deposits in Restricted Currency Countries

The general secretary should take appropriate action to protect the US\$ value of deposits in restricted currency countries. The general secretary shall expedite the transfer of restricted funds to RI's World Headquarters, and in the interim, utilize the funds for local expenditures wherever possible. *(June 1998 Mtg., Bd. Dec. 348)*

Source: January-February 1989 Mtg., Bd. Dec. 265

70.040.2. TRF's Use of RI Restricted Funds

RI restricted funds shall be used for Foundation programs in restricted currency countries. In such cases, RI shall receive US\$ credit for the use of such funds. (*June 1998 Mtg., Bd. Dec. 348*)

Source: April 1991 Mtg., Bd. Dec. 314

Cross-References

58.060.2. *Payment for International Assembly Attendance in Restricted Currency Countries*

70.050. Budgeted Investment Earnings and Investment Earnings Reserve

The investment rate of return assumption used for the budget and five-year financial forecast will be determined annually based on the status of the investment earnings reserve and current financial market conditions. The RI Board has established an investment earnings reserve. If in any year investment earnings are less than budgeted investment earnings, any shortfall will be funded from the investment earnings reserve fund as a transfer of Board-designated funds. If in any year investment earnings are greater than the budgeted investment earnings, that excess will be transferred to the investment earnings reserve fund, subject to a maximum reserve of US\$12 million. Any transfer from the investment earnings reserve is to provide for any shortfall in investment earnings and is not for the use of additional general operating expenses. (*June 2009 Mtg., Bd. Dec. 271*)

Source: June 2002 Mtg., Bd. Dec. 302; June 2004 Mtg., Bd. Dec. 298;

Amended by November 2004 Mtg., Bd. Dec. 58; November 2007 Mtg., Bd. Dec. 121; June 2009 Mtg., Bd. Dec. 271

ARTICLE 71. REVENUES

- 71.010. Per Capita and Prorated Dues
- 71.020. Licensing
- 71.030. Publications

71.010. Per Capita and Prorated Dues

There is no exception to the constitutional requirement for uniform per capita dues. Per capita and prorated dues will be invoiced based on the US Dollar amounts and converted into local currency where appropriate. Rotary International per capita and prorated dues for Rotary and Rotaract clubs are nonrefundable. *(April 2022 Mtg., Bd. Dec. 139)*

Source: April 1991 Mtg., Bd. Dec. 315;

Amended by April 2020 Mtg., Bd. Dec. 150; June 2020 Mtg., Bd. Dec. 190; April 2022 Mtg., Bd. Dec. 139

71.010.1. Standardized Membership Reporting and Billing

There shall be standardized reporting requirements for all RI International Offices and RIBI. The general secretary shall implement standardized membership reporting and billing for semiannual dues for all Rotary clubs. *(February 1999 Mtg., Bd. Dec. 196)*

Source: October 1998 Mtg., Bd. Dec. 130

71.010.2. Revisions to Club Membership Lists

Rotary and Rotaract clubs are required to report their new and terminated members to RI within thirty (30) days. Rotary and Rotaract clubs are obligated to fulfill the entire financial responsibility of their new members, which includes the full amount of any pro-rata dues and all semiannual dues payments that fall within 180 days of a member's admittance date. The general secretary will accept membership updates via paper or electronic means and will deem the act of submitting membership updates as certifying the current Rotary or Rotaract club membership list. The general secretary will deem the membership list in its database as of 1 July and 1 January as the certified membership list. *(April 2022 Mtg., Bd. Dec. 139)*

Source: November 2007 Mtg., Bd. Dec. 97;

Amended by January 2014 Mtg., Bd. Dec. 96; April 2022 Mtg., Bd. Dec. 139

71.010.3. Rotaract Club Dues

Rotaract club per capita dues are payable pursuant to Articles 18.030.2., 18.040.1., and 18.040.2. of the RI Bylaws on 1 January of each year. *(April 2022 Mtg., Bd. Dec. 139)*

Source: April 2022 Mtg., Bd. Dec. 139

Cross-References

9.020. *Clubs in Arrears to RI*

71.020. Licensing

(See also Article 35 “Licensing”)

71.020.1. Licensee Royalties

The Board strongly supports the protection of the Rotary name and emblem from unauthorized commercial use. The general secretary is requested to take whatever steps are necessary to ensure continual compliance with RI's licensing agreements, which assure the maximum receipt of revenues to RI. (*June 1998 Mtg., Bd. Dec. 348*)

Source: November 1990 Mtg., Bd. Dec. 194

71.020.2. Review of Policy on Royalties From Sale of RI-Emblem Merchandise

The general secretary will establish and monitor annual licensing targets and budgets, and make regular reports to the Board on progress in this area. (*June 1998 Mtg., Bd. Dec. 348*)

Source: October 1993 Mtg., Bd. Dec. 93, pt. 1e; November 1996 Mtg., Bd. Dec. 69

71.020.3. Royalties on Rotary Emblem Merchandise to the PolioPlus Fund

Any royalty fees received by Rotary International for the sale of items that promote the PolioPlus campaign will be transferred to the Foundation's PolioPlus Fund. (*June 1998 Mtg., Bd. Dec. 348*)

Source: June 1987 Mtg., Bd. Dec. 49

71.020.4. Royalties on Rotary Emblem Merchandise to The Rotary Foundation Annual Fund

Any royalty fees received by Rotary International for the sale of items under the Type 4C license will be transferred to the Foundation's Annual Fund. (*February 2007 Mtg., Bd. Dec. 157*)

Source: February 2007 Mtg., Bd. Dec. 157

71.030. Publications

71.030.1. Rates for Advertising in *Rotary Magazine*

The Board shall approve the advertising rates for *Rotary* magazine. (*June 1998 Mtg., Bd. Dec. 348*)

Source: October 1993 Mtg., Bd. Dec. 108

Cross-References

51.010.5. Official Magazine Advertising Policy

ARTICLE 72. RISK MANAGEMENT AND INSURANCE

72.010.	Risk Management
72.020.	Liability Coverage for RI Directors and Officers
72.030.	Indemnification of Staff
72.040.	RI Travel Medical
72.050.	RI Meetings and Programs
72.060.	Club and District Liability Insurance

72.010. Risk Management

72.010.1. Risk Management Guidelines for Rotary Institutes

1. Before entering into any contracts or other formal agreements to secure meeting accommodations and services, the convener should have legal or insurance counsel review any sections referring to indemnification and liability for injury or damage to the persons and property of others.
2. Any requests from a venue or service provider to provide indemnity from RI for our acts should be carefully reviewed. One concern is RI's responsibility for physical damage to buildings at the venue due to negligence on the part of RI or an institute participant. RI's liability could potentially result in a multi-million-dollar expense if not addressed. If possible, RI's responsibility for such damage should be limited in the contract to an amount not greater than \$5 million and the venue's insurer should agree to provide a waiver of their subrogation rights. This is not unreasonable given that RI is paying a fee for use of the venue and this fee indirectly funds the cost of their insurance.
3. Service providers should be required to provide evidence of the insurance coverage they maintain and, ideally, this requirement should be specified in any contracts with them. This practice is commonplace in the USA and is becoming more widely used outside the USA in recent years.
4. Another potential source of catastrophic risk exposure is the area of transportation. Whenever possible, institute organizers should have participants purchase transportation services directly from the providers. If this is not possible for a particular institute, ensure that there are formal contracts in place for all transportation service providers that include an indemnity provision and insurance requirements. In addition, insurance certificates should be requested and carefully reviewed.
5. Institute organizers should carefully review any required rules or operating procedures that are required by venue management. These rules will often provide information on laws in the country which may be pertinent to institute participants or may be a great resource for "best practices" in that particular facility for safety and risk management. It is in the best interests of Rotary for institute organizers to understand the venue's rules and ensure that our organization does not introduce hazards in the course of our event. It should also be

noted that venues may be able to assess fines or other penalties to organizations violating their requirements.

6. In the event that the institute plans to pay the expenses of institute speakers or other participants residing outside the host country, the issue of travel medical and accident insurance should be addressed. Many standard medical insurance plans do not fully respond to costs incurred outside one's home country, and it is rare for any plan to include medical evacuation and repatriation benefits. Evacuations can involve the need for medical while in transit and private aircraft or other specialized equipment, which may cost tens of thousands of dollars.

(June 2002 Mtg., Bd. Dec. 273)

Source: June 1997 Mtg., Bd. Dec. 329;

Amended by June 2002 Mtg., Bd. Dec. 273

72.010.2. Risk Management for Travel Operations

Whenever general officers, incoming general officers and senior staff personnel of RI travel as a group, by air or ground transportation, they shall travel in more than one group, each group to be transported separately. The president and general secretary are authorized to approve exceptions to this policy as appropriate after consideration of the risks involved to the organization. *(June 1998 Mtg., Bd. Dec. 348)*

Source: July 1978 Mtg., Bd. Dec. 10.

Affirmed by November 1997 Mtg., Bd. Dec. 191

72.020. **Liability Coverage for RI Directors and Officers**

The general secretary shall obtain liability insurance for general officers of RI. *(June 2007 Mtg., Bd. Dec. 226)*

Source: March 1983 Mtg., Bd. Dec. 222

72.030. **Indemnification of Staff**

Rotary International shall indemnify all of its present and former staff for all acts taken under the direction of the board of directors of Rotary International or the trustees of The Rotary Foundation, or, otherwise, for any acts or decisions made in good faith and in a manner they reasonably believe to be in, or not opposed to, the best interests of Rotary International or The Rotary Foundation, while performing services for Rotary International or The Rotary Foundation to the full extent permitted by the Illinois General Not for Profit Corporation Act of 1986, or any successor legislation adopted by the State of Illinois. *(October 2019 Mtg., Bd. Dec. 28)*

Source: October 2019 Mtg., Bd. Dec. 28

Cross-References

28.110. *Indemnification of RI Directors and Officers*

72.040. RI Travel Medical

72.040.1. Travel-Related Insurance Funded by RI

The Board has outlined RI's strategy for travel accident insurance available to RI travelers. *(June 1998 Mtg., Bd. Dec. 348)*

Source: November 1997 Mtg. Bd. Dec. 191

72.040.2. International Assembly Travel Medical Insurance

RI shall obtain travel medical insurance coverage for those official participants in the International Assembly not otherwise insured by RI, The Rotary Foundation or RIBI. *(June 1998 Mtg., Bd. Dec. 348)*

Source: November 1996 Mtg., Bd. Dec. 112

72.040.3. Travel Medical Insurance for RI Directors

The general secretary is authorized to obtain travel medical insurance for directors and their partners when their travel is funded by RI. *(January 2020 Mtg., Bd. Dec. 85)*

Source: May 1991 Mtg., Bd. Dec. 382;

Amended by January 2020 Mtg., Bd. Dec. 85

72.040.4. Payment of Travel Medical Insurance for Past RI Presidents

RI will provide travel medical insurance coverage for past presidents of RI who are not current Trustees of The Rotary Foundation, similar to coverage provided for directors and incoming directors, when past presidents are traveling on Rotary business at RI expense. *(June 1998 Mtg., Bd. Dec. 348)*

Source: June 1997 Mtg., Bd. Dec. 402

72.050. RI Meetings and Programs

72.050.1. Insurance for Rotary Institutes

Rotary International provides adequate liability insurance coverage for each institute, under the condition that RI has the opportunity to review and approve all contracts executed by the convener or his or her delegate, and that full cooperation will be provided in submitting detailed underwriting information to RI and its insurance carriers on a timely basis. *(June 1998 Mtg., Bd. Dec. 348)*

Source: March 1997 Mtg., Bd. Dec. 202

72.060. Club and District Liability Insurance

72.060.1. Maintenance of Liability Insurance

Each club shall maintain liability insurance for its activities as appropriate for its geographic region. (*November 2000 Mtg., Bd. Dec. 178*)

Source: November 2000 Mtg., Bd. Dec. 178

72.060.2. Mandatory Participation in Liability Insurance Program for Clubs in the U.S.

1. RI will maintain a policy of general liability and directors and officers/employment practices liability insurance, with limits deemed appropriate by the general secretary, protecting RI and clubs and districts located in the U.S. and its territories and possessions. Each club in these regions must participate in the program.
2. The general secretary shall have authority to negotiate participation in the program on either a primary or an excess basis with clubs that have unique insurance risks, including but not limited to clubs that possess all of the following risks:
 - Permanent, full-time employees;
 - Ownership of real property with substantial acreage;
 - Services provided to persons with physical and mental disabilities on this real property.
3. Each club covered by this policy will be billed annually an amount sufficient to pay for the insurance coverage and related administrative expenses. The amount billed each club will be based on membership statistics stated in the semiannual club invoices. The general secretary may vary the amount billed to clubs in different areas within these regions based on independent actuarial studies.
4. The general secretary will develop appropriate policies and procedures for implementing and administering the policy, including mechanisms for communicating with clubs and districts regarding their participation.

(*January 2015 Mtg., Bd. Dec. 117*)

Source: November 2000 Mtg., Bd. Dec. 178; November 2002 Mtg., Bd. Dec. 178.

Amended by February 2001 Mtg., Bd. Dec. 282; November 2009 Mtg., Bd. Dec. 99; January 2015 Mtg., Bd. Dec. 117

Cross-References

41.010. *Travel Insurance for Interactors*

41.050.4. *Rotary Youth Exchange General Liability Insurance*

41.050.12. *Travel Insurance for Rotary Youth Exchange Students*

Rotary International Code of Policies
June 2025

End of Rotary Code of Policies
June 2025