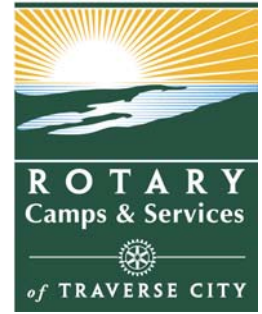


Program Related Investments Information & Application



PURPOSE OF THE PROGRAM

Program Related Investments (PRI) enhance and advance the philanthropic work of Rotary Charities and Rotary Camps & Services. PRIs are primarily an extension of both Rotary organizations' goals and grant making programs. PRIs are not viewed as an alternative investment strategy.

APPLICATION

Applicants must meet the following eligibility requirements:

- Non-profit Corporations, Unit of Government, School or Library
- Located in Antrim, Benzie, Grand Traverse, Kalkaska or Leelanau
- Applicants to the PRI program must also meet the standards of Rotary Charities' grant guidelines and have the organizational capacity to successfully repay the loan or guarantee.

GENERAL GUIDELINES

Proposals that support land acquisition for conservation, access to recreation and affordable housing are given highest priority

- Proposals are encouraged in which Rotary Charities can help leverage other funding.
- Loans and guarantees are not made to individuals.
- An applicant must be a school system, unit of government, or have received a ruling from the Internal Revenue Service (IRS) that it is tax exempt under Section 501(c)(3) and is not a private foundation as defined by the IRS.
- Support is not provided for religious activities or programs that serve, or appear to serve, specific religious groups or denominations.
- Generally, applicants will be encouraged to first seek approval for a loan at commercial banks, which can be backed by a guarantee from Rotary Charities.
- Loan Guarantees will generally not exceed \$500,000.
- Direct Loans will generally not exceed \$100,000.
- The amount of funds made available for each type of PRI will be determined by the market value of the Rotary Charities' portfolio on the last day of the prior fiscal year (6/30).

PROCESS

Eligible organizations may apply directly for PRI vehicles. Applicants will first be encouraged to submit an application for a loan guarantee to a participating local bank. If the loan guarantee is denied or not practical for the organization, an application for a direct loan may be submitted.

REVIEW AND INVESTIGATION

All applicants will complete a PRI application form. The application will be initially reviewed by the staff. If the application meets the basic qualifications it will be submitted to the PRI Committee of Rotary Camps & Services, which will meet with the applicant, review the request and recommend terms and conditions. The recommendations will be submitted to the Rotary Charities Board for final approval. Following final approval the staff will be authorized to execute the documents.

REPORTING REQUIREMENTS

All successful applicants will be required to instruct the bank to forward copies of loan statements on a regular basis, either monthly or quarterly, to Rotary Charities. All PRI recipients will be required to notify Rotary Charities and Rotary Camps & Services of any changes in status that might affect the ability to repay debt.

OTHER REQUIREMENTS

Funds will be used only for the purposes specified in the application and not to influence legislation or an election or for any other purpose which does not meet the Internal Revenue Service code provisions for charitable, educational and scientific purposes.

None of the funds are to be transferred to any other organization without the *advance* written permission of Rotary Charities. Any news releases, public announcements, or other informational material pertaining to this PRI should acknowledge Rotary Charities and Rotary Camps & Services.

PROGRAM RELATED INVESTMENT TOOLS

LOAN GUARANTEES

Definition: Rotary Charities pledges our full faith and credit as security for the benefit of a charitable project. This may take the form of a loan guarantee.

Terms: The guarantee will require the lending institution or co-guarantors to assume some of the risk. Generally, no more than 30% of the total amount available for guarantees should go to one organization. It would be the desire of RC Board that the portfolio would be used to guarantee payment, so in the case of default, the bank would collect first from the assets of the organization and then come to RC. If this is not possible, the arrangements will be described in the Letter of Understanding with the non-profit organization. Terms may vary with each applicant and lending institution, but standard forms approved by the Committee will be used. Generally, the length of an agreement will not exceed three years. Rotary Charities will not levy a fee for this service to non-profits.

Funding Level: The amount available for Loan Guarantees will not exceed 5% of the total market value of Rotary Charities portfolio on the last day of the prior fiscal year (6/30).

DIRECT LOANS

Definition: A flexible loan program for eligible organizations. A loan is taken directly from the assets of Rotary Charities, with the expectation that it will be repaid.

Criteria: An applicant would be considered for a direct loan when there is an ability to repay the funds, but would not be considered commercially “bankable” i.e.: length of the loan, risk involved, etc.)

Terms: A loan can be secured or unsecured. It can require repayments periodically or in a lump sum on maturity according to the circumstances surrounding the project and the degree of risk involved. The length of the loan can vary, but generally will not exceed three years. Maximum loan size will be \$100,000. A promissory note and agreement will be signed. The interest rate will be **equal to the 90 day Treasury bill on the date of closing or 3% whichever is greater.**

Funding Level: The amount available for Direct Loans will not exceed more than 1.25% of the total market value of Rotary Charities portfolio on the last day of the prior fiscal year (6/30).

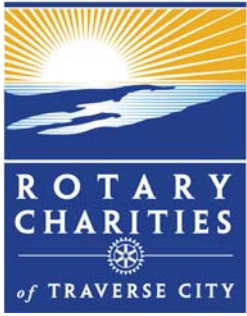
RECOVERABLE GRANTS

Definition: This vehicle would be used to make small loans and should be considered grants until repaid.

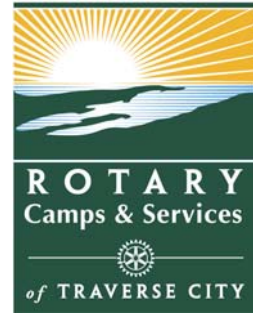
Criteria: An applicant would be considered for a recoverable grant when there is an indication of an ability to repay the funds, but would not be considered commercially “bankable” or would exceed the normal terms and conditions of a Rotary Charities direct loan (inability to pay interest, extended length of loan, no co-signers, etc.)

Terms: Generally, these grants would be under \$25,000. They would almost always be zero-interest and unsecured.

Funding Level: No special provisions are made, recoverable grants are to be allocated from the current grant cycle.



Program Related Investment Application Form



Date of Application: _____

Legal name of organization: _____

Year Founded: _____ Current Operating Budget: _____

Executive Director: _____ Phone number: _____

Chief Financial Officer: _____ Phone number: _____

Address of principal/administrative office: _____

City, State, Zip: _____

County: Antrim Benzie Grand Traverse Kalkaska Leelanau

Fax number: _____ E-mail: _____

List any previous grant or PRI support from Rotary Charities:

Type of Program Related Investment: (Please check one that is most preferred)

- Loan/Line of Credit Guarantee
- Direct Loan
- Other:

Purpose of the Program Related Investment:

- Improve Cash Flow
- Purchase equipment
- Building renovation/construction/purchase of land or building
- Project Start-up
- Other:

Type of Project

- Affordable Housing
- Land Acquisition for recreation
- Land Acquisition for preservation and protection
- Other

Provide a brief description of the project for which you are seeking financing. Indicate how it supports Rotary's goals for affordable housing, access to recreation or stewardship of natural resources. (200 word limit)

Total Project Costs: _____ Amount of financing requested: _____

Dates of Project: _____

Other sources of funding: _____

Signature of Chief Executive _____ Date _____

Signature of Chairperson of the Board of Directors _____ Date _____

As authorized by the Board of Directors on _____
Date _____

**PROGRAM RELATED INVESTMENT
APPLICATION NARRATIVE**

Please attach the narrative, providing the following information in this order. Word limits follow in parenthesis. Please include each question as a header to your answer.

1. How will the funds obtained from Rotary Charities PRI Fund be used? (200)
2. How and when will the funds be repaid? (100)
3. What impact will these funds have on your organization, the people that you serve and the community? (100)
4. What are your plans to accomplish your goals and objectives for the project? (200)
5. What is your timetable for implementation of the project? (100)
6. Who are the other partners in the project? (100)
7. Have you explored other funding sources? Please explain in detail. (e.g. terms sought, terms rejected, why request was denied, etc.) (100)

Please provide these required attachments:

1. Copy of organization's Mission, Goals, Strategic Plan and Board of Trustees.
2. Organization's current annual operating budget, including expenses and revenue.
3. Most recent independent audit, review or compilation conducted by a Certified Public Accounting firm.
4. Resumes of top staff and board positions.
5. Business plan for the project which you are seeking funding, including projections of cash flow, for the 1st, 2nd and 3rd years.