



*Terms and Conditions  
District Simplified Grants (DSG)*

***IN ACCEPTING A DSG YOU AGREE TO FOLLOW TRUSTEE REQUIREMENTS REGARDING THE IMPLEMENTATION OF YOUR DSG:***

**I. District Simplified Grant Criteria:**

District Simplified Grants support the service activities or humanitarian endeavors of districts. Each project the grant supports must:

- A. Respect the wishes of the receiving community;
- B. Understand and appreciate another country's tradition and culture if grant activities will take place outside of the recipient district's country; and
- C. Comply with all standard Humanitarian Grant Policies and Guidelines. Guidelines on eligibility and Trustee Standards can be found on the Rotary website ([www.rotary.org](http://www.rotary.org)).

**II. District Simplified Grant Rotarian Involvement:**

The District Rotary Foundation Committee (DRFC) chair serves as the primary contact for a District Simplified Grant. When the DRFC chair position changes, the new officer becomes responsible for communicating with TRF regarding all DSG-related activity. A district's current DRFC chair represents the committee and the district in all communications with TRF.

Rotarians from the district must be actively involved in each District Simplified Grant project. Therefore, a committee of at least three Rotarians from the sponsoring Rotary district must be established to oversee the project(s) and the expenditure of grant funds. The members of the committee should serve for the entire term of the District Simplified Grant, even if it extends into future Rotary years. Any change in the committee must be formally communicated to TRF, and documents in relation to the project must be handed over to the new project committee to ensure successful transfer of responsibility and execution of DSG activities. District Simplified Grants require the direct involvement of Rotarians who will conduct the following:

- A. Assessment of community needs and development of a project plan;
- B. Establishment of a committee containing at least three Rotarians to oversee the expenditure of funds;
- C. Oversight of grant funds;
- D. Involvement in the implementation of projects;
- E. Provision of evidence of community involvement and ownership;
- F. Organization of meetings with local service providers, local officials, and/or recipients; and
- G. Promotion of projects in the local media.

### **III. District Simplified Grant Funding and Payment:**

District Simplified Grant funds will not be released until all of the following conditions are met:

- A. The Rotary Foundation (TRF) must receive a completed, signed District Simplified Grant Request and Agreement Form from the sponsoring Rotary district (authorized by the District Rotary Foundation Committee Chair and the appropriate District Governor-elect or District Governor).
- B. The Rotary Foundation receives information regarding an appropriate payee for the grant.
  1. District Simplified Grants must be paid to a Rotary controlled project account with at least two signatories, preferably a separate account established specifically for the grant. Acceptable DSG account names include, but are not limited to, "Rotary District 1234" or "District Simplified Grant # 12345."
  2. District Simplified Grants will not be paid to an individual, cooperating organization or beneficiary.
- C. Spending plan and publicity plan for grants above US\$25,000 have been submitted to TRF.
- D. Reporting requirements on all previous DSGs undertaken by the district have been met.
- E. Districts may administer no more than two paid-open District Simplified Grants at a time. Demonstration of significant progress, defined as the submission of reports containing eligible expenditures of approximately 50% of the total grant award, is required for one District Simplified Grant before payment is made on a second District Simplified Grant.
- F. Districts may only apply for one DSG per program year. Any requests for an increase in the original DSG amount requested must be made while the grant is still in approved status. No increase to DSG payments can be made once any portion of the grant funds has been paid out.

### **IV. Stewardship of The Rotary Foundation Funds:**

District Simplified Grant awardees agree to:

- A. Treat The Rotary Foundation grant funds as a sacred trust to be constantly safeguarded from loss, misuse, or diversion;
- B. Assure competent and thorough oversight of the project with clear delineation of responsibility, proper fiscal management, and full transparency regarding project activities and financial transactions.
- C. Use TRF grant funds only for eligible purposes as outlined herein, which will be strictly interpreted. Funds expended on unapproved or ineligible items and/or for unapproved or ineligible purposes must be refunded to TRF.
- D. Conduct all financial transactions and project activity relating to the grant at least at the level of standard business practices and always in consonance with the "Declaration of Rotarians in Business and Professions" and in the full spirit of "The Four Way Test." This requires:
  1. Maintaining regular accounts of all transactions and retaining original receipts and invoices for a minimum of five years or more if required by local law/regulations.
  2. Keeping grant funds in the established project account without diversion, except for direct payment of project expenses and/or to return funds to TRF; and
  3. Establishing an inventory system for the control of equipment and other assets purchased with grant funds, and maintaining records for items that are produced, purchased, and/or distributed through the project.

- E. Exercise the highest attention to the prevention of even the appearance that The Rotary Foundation grant funds are being used in an improper manner. Such attention is expected to go beyond that afforded to the use of private or corporate funds;
- F. Disclosure of any possible conflicts of interest. A conflict of interest is defined as a relationship among individuals through which an individual involved in a program grant or award causes benefit, or could be perceived to cause benefit, for such individual or such individual's family, personal acquaintances, business colleagues, business interests, or an organization in which such individual is a trustee, director or officer. Any and all disclosures must be explained prior to grant approval:
  - 1. A fair, open and thorough request for proposals or bidding process must be conducted to ensure that the best services are secured at a reasonable cost, despite any connection between a vendor and a Rotary Entity. Possible conflicts of interest may arise when a Rotary Entity is considering business in which funds will be paid to a Rotarian; a goods and/or services provider owned or managed by a Rotarian, or employees of agencies, organizations, or institutions partnering with The Rotary Foundation.
  - 2. If a Rotarian serves on the board or has professional responsibilities in relation to a Cooperating Organization, Vendor or Beneficiary involved with a Matching Grant, they may NOT serve on the Project Committee.
- G. Report immediately any irregularity in grant related activity to The Rotary Foundation;
- H. Return any unused funds and/or interest earned at the completion of the grant to The Rotary Foundation.
- I. Obtain approval from TRF prior to transferring DSG funds to (directly or indirectly), or using DSG funds to purchase goods or services for use in any country, entity, or person that is subject to economic or trade sanctions under U.S. law (these currently may include, but are not limited to, Cuba, Iran, Sudan, Libya, North Korea, and Myanmar). This is necessary so that TRF can obtain necessary regulatory approvals to allow such use of the funds.

**V. Appropriate Grant Implementation:**

- A. The use of funds from The Rotary Foundation must:
  - 1. Promote active and personal participation of all Rotarians involved in the implementation of the grant;
  - 2. Assist in the development of stronger Rotary networks as Rotarians implement projects that have been initiated by a Rotary Club in a project location. Projects which receive TRF support should satisfy the real humanitarian needs of the receiving community;
  - 3. Not involve the establishment of a permanent foundation, trust, or permanent interest-bearing account. Grant projects can involve the establishment of a revolving loan fund, but must include training and detailed information regarding recipient payback schedules (see section IX);
  - 4. Not directly benefit a Rotarian; an employee of a club, district or other Rotary entity, or of Rotary International, or a spouse, lineal descendant (child or grandchild by blood or legally adopted child), a spouse of a lineal descendant, or an ancestor (parent or grandparent by blood) of any living Rotarian or Rotary employee;
  - 5. Not duplicate any existing TRF or other Rotary-sponsored program;

6. Exclude any liability to The Rotary Foundation or to Rotary International except for the amount of the grant;
7. Be consistent with the criteria, procedures, and policies of the Polio Plus program and the World Health Organization for projects involving vaccines and immunizations;
8. Not be used to reimburse clubs/districts for projects already undertaken and in progress, an existing project, activities primarily sponsored by a non-Rotary organization, or for projects that are already completed.

B. Grant funds cannot be used:

1. For the purchase of land and buildings. If the grant depends upon the construction of a building, the construction must be funded by club/district funds or funded by a cooperating organization. The Rotary Foundation will not release grant funds until such construction is completed;
2. For construction of any structure in which individuals live, work, or engage in any gainful activity such as buildings, containers, and mobile homes or structures where individuals carry out any type of activity including manufacturing, processing, maintenance and/or storage. Construction of infrastructure such as service roads, wells, reservoirs, dams, bridges, latrines, toilet blocks, and water supplies and other similar structures is acceptable;
3. For renovation of structures, including the provision of new services or upgrade of utilities (i.e. electrical & plumbing), in which individuals live, work, or engage in any gainful activity such as buildings, containers, and mobile homes or structures where individuals carry out any type of activity including manufacturing, processing, maintenance, and/or storage; ineligible expenditures include, but are not limited to:

<b>Unacceptable Construction &amp; Renovation</b>
Electrification
Windows/Doors
Walls/Roof
General Refurbishment (carpet, paint, soundproofing)
Heating/Air-conditioning
Repairs of Utilities
Plumbing
Demolition
Miscellaneous

4. For salaries, stipends or honorariums for an individual or individuals working for a cooperating organization or beneficiary;
5. To support the operating or administrative expenses of any organization;
6. For post-secondary education activities, research, or personal or professional development;
7. For excessive support of any one beneficiary, cooperating organization, or project;
8. For international travel expenses of any kind;
9. For fundraising activities;
10. For unspecified or cash donations to beneficiaries, except through revolving loan projects. Grant funds should be used to purchase budgeted and itemized humanitarian goods;

11. For expenses related to Rotary events such as district conferences or anniversary celebrations;
12. For entertainment activities that do not include a humanitarian aspect;
13. As donations to cooperating or benefiting organizations; To support purely religious functions at churches and other places of worship;
14. For any purposes other than those approved by TRF;
15. To reimburse expenses incurred prior to approval of the grant, to help fund already existing projects, or to pay for activities primarily sponsored by a non-Rotary organization.
16. For the establishment of a permanent foundation, trust, or permanent interest-bearing account, nor may grant funds be invested in fixed-term deposits, as this would entail moving the funds out of the designated project account for purposes other than payment of project expenditure. Grant projects can involve the establishment of a revolving loan fund, with the approval of TRF, but must include training and detailed information regarding recipient payback schedules.
17. To directly benefit a Rotarian; an employee of a club, district or other Rotary entity, or of Rotary International; or a spouse, lineal descendant (child or grandchild by blood or legally adopted child), a spouse of a lineal descendant, or an ancestor (parent or grandparent by blood) of any living Rotarian or Rotary employee.
18. To duplicate any existing Foundation or other Rotary-sponsored program.
19. To sponsor projects designed to help any individual(s) to obtain an academic degree or professional advancement, or for any individual(s) to attend a seminar, conference or international exchange. Projects can involve educational training, but the training must be short-term in nature and provide for basic educational/professional needs only.
20. To use as a contribution to The Rotary Foundation or as a contribution for any Humanitarian Grant program including Matching Grants and 3H grants.

**VI. Time Limits:**

The Trustees established District Simplified Grants with the intention that districts will receive, distribute, spend, and report on the use of grant funds within one Rotary year. The following time limits are established to ensure that districts proceed in a timely manner with the implementation of a DSG:

- A. It is strongly recommended that sponsors submit DSG requests by 31 March and meet all preconditions for approval by 15 May in the Rotary year prior to the availability of District Designated Funds. Failure to receive approval by 15 May of the program year will result in the withdrawal of the DSG request;
- B. Failure to provide acceptable reports on previous grants at least every twelve months will result in the district not being able to initiate a new DSG. Sponsors must demonstrate significant progress within 12 months of the release of payment installment or the grant will be cancelled and the district will be required to return the funds.
- C. Sponsors must meet all payment requirements no later than **May 15th** of the program year. Approved DSGs not meeting the payment requirements by this date will be cancelled as DSG funds are not available after the close of the program year.

## **VII. Reporting Requirements and Independent Financial Reviews:**

The Rotary Foundation Trustees require District Simplified Grant awardees to:

### **A. Submit Progress and Final Reports:**

1. Progress Reports are required every twelve months after the payment is received detailing the projects' progress, financial activities, and the estimated completion date;
2. Submit Final Reports within two months of the full expenditure of grant funds. Failure to adhere to the TRF policies and guidelines in the implementation of projects and expenditures of funds will result in the district returning misused grant funds in their entirety and being barred from receipt of future grants for a period up to five years. Progress and final reports shall include the following:
  - a. A narrative statement with project outcomes clearly defined for each grant-funded project;
  - b. Information regarding the impact of the projects on the beneficiaries;
  - c. A full description of Rotarian oversight, management and involvement in each grant-funded project;
  - d. A statement of income and expense;
  - e. A bank statement from the district which supports the statement of income and expense; and
  - f. A detailed narrative describing the implementation of the projects and how experiences gained will inform/guide the district for the next Rotary year.
3. New requests will not be accepted and will be returned to the district if the district has not provided Progress Reports for a current District Simplified Grant or have overdue Final Reports for other grant types.

### **B. The district must maintain copies of all receipts related to grant-funded expenditures in accordance with local laws and for a period of at least five years following closure of the grant. The Rotary Foundation reserves the right to request copies of receipts for any grant-funded expenditure.**

### **C. Provide an Independent Financial Review ( Prescribed Audit ):**

All grant recipients are encouraged to have an independent financial review/prescribed audit. However, for grants of greater than US\$25,000, an independent financial review/ prescribed audit is required.

An independent financial review/prescribed audit must be made by a licensed, chartered, or certified "accountant" or "accounting firm," which has no links to the project. The appointment of such an independent accounting firm or accountant must be made by the district governor of the project district (where the funds were sent). The Rotary Foundation reserves the right to appoint the reviewer as necessary.

The independent financial review/prescribed audit must include the following:

1. A determination of whether the funds received for the project were expended in a manner consistent with the spending plan and if not, why.
2. A determination of whether a standard set of accounts was maintained and included a complete record of all receipts for all expenditures in excess of US\$25.00 and disbursements.
3. An examination of expenditures to ensure funds were used for intended purpose, proper records maintained, and a system of controls in place. This examination should include:
  - a. Selection of a sample of disbursements and reconciliation to supporting documentation.
  - b. Review of the full listing of expenditures to ensure funds were expended in a manner consistent with the Terms and Conditions of the grant award.

- c. Identification of the purchasing procedure used.
- 4. A determination of whether funds were held in an interest bearing account and documentation of how interest earned was used.
- 5. Review of bank reconciliations to ensure reconciliations were prepared correctly and in a timely manner and that opening and closing balances agreed to the financial records of the project and bank statements.
- 6. A determination of whether or not all project activities, including the conversion of funds, were made in accordance with local laws and regulations.
- 7. Determination of whether Rotarians control the bank account and two Rotarian signatures are required for all disbursements.

The independent financial review/prescribed audit must be submitted to The Rotary Foundation no later than fifteen months after the first payment is received and every twelve months thereafter until the project sponsors are notified that the grant is officially closed. All grant records, including financial records, must be maintained for five years after the close of the activity. These records will include copies of receipts, canceled checks, invoices, etc. The Rotary Foundation reserves the right to conduct an audit of any grant, regardless of size, at any time.

The primary partners are responsible for annual independent financial review/prescribed audits, the cost of which may be shared among all involved parties. For those grants of US\$25,000, if the grantees cannot provide for the cost of an audit, they may request the use of DSG funds up to US\$500 per year for the life of the project for this purpose.

D. Cooperate with TRF audits:

- 1. The Rotary Foundation reserves the right to conduct an audit of any grant, regardless of size, at any time.
- 2. In addition, TRF reserves the right to review the project at any time, require the submission of additional documentation, and suspend any or all payments if in its sole discretion progress is not considered to be satisfactory.
- 3. The District will maintain detailed, accurate, and complete financial records throughout the life of the grant and for a period of five years after the grant closure date.

**VIII. Population Growth and Development:**

The Rotary Foundation (TRF) supports the programs of Rotary International, including their aims and objectives with respect to RI's statement on Population Growth and Development.

The district utilizing TRF funds may consider funding the following expenditures associated with population growth projects:

- A. Pre-natal medications/vitamins
- B. Birthing medications
- C. Newborn baby screenings
- D. Surgical instruments to help with births
- E. Pre-natal screening
- F. Ultrasound equipment (as long as it is used for diagnosing and treating patients)
- G. Education and Training

- H. Public health education
- I. Family planning training
- J. Information on sexually transmitted diseases
- K. Community health training
- L. Balanced diet and nutrition awareness

**IX. Revolving Loans:**

**Any district undertaking a Revolving Loan project with District Simplified Grant funds should contact TRF staff prior to implementation to ensure all eligibility requirements are met.**

- A. Sponsors of Revolving Loan (Microcredit) projects, must comply with the following policies:
  1. There is a limit of US\$10,000 per credit group. More than one credit group can be supported with a grant. A credit group is defined as a group of approximately 30 individual, who cross-guarantee each others' loans.
  2. Requests involving revolving loan fund projects must be reviewed by the Cadre of Humanitarian Grants Advisors for technical soundness and long-term viability prior to submission to the Trustees.
  3. The Rotary Foundation will not consider any grant requests for revolving loans involving cooperating organizations until those organizations can demonstrate their ability to meet the requirements of The Rotary Foundation and significantly involve local Rotarians in these activities.
  4. Rotary Foundation grant funds may be used for Rotary club and district start-up costs to support revolving loan projects until the loan fund is self-sustaining.
  5. Interest fees generated by revolving loan fund capital from The Rotary Foundation may be used for administrative expenses that support the revolving loan project.
  6. In the event that the Rotarian project sponsors decide to discontinue the revolving loan fund, the local capital must be returned to The Rotary Foundation.
- B. Grant funded projects that involve the establishment of a revolving loan fund must:
  1. Include training and detailed information regarding recipient payback schedules.
  2. Adopt a separate Revolving Loan Fund Agreement for each credit group before funds are released for that credit group. Each agreement will specify loan policies for that credit group, including interest rates, loan amounts, and payback schedules.
  3. Adopt a continuity plan to ensure that capital from The Rotary Foundation continues to be used for revolving loans after reporting to The Rotary Foundation has been stopped.

**X. Rotary Name and Emblem Use Guidelines:**

Guidelines on the use of the “Rotary” name and emblem are RI policy. When naming your DSG funded project and in any literature developed they must be compliant as follows:

- A. ROTARY NAME:
  1. The RI Board has determined that any use of the “Rotary” name without a further qualifier, such as the name of a Rotary club or a Rotary district, refers to the international association, RI.

2. New project names or programs not under the exclusive control of RI, when using the name, "Rotary," must include the name of the participating Rotary club(s) or district(s) and should not use the name, "International."
3. If using the words, "Rotary," and "Foundation," these words must not appear together, but must be separated by additional identifying information, such as the name of the participating Rotary club(s) or district(s).
4. Ongoing programs not under the exclusive control of RI and not conforming to these guidelines should be renamed to provide this additional identifying information (i.e. the name of the participating Rotary club(s) or district(s) must be included when using the name "Rotary").
5. The naming of any project that does not conform to the guidelines must receive specific RI Board approval.

**B. THE ROTARY EMBLEM:**

1. The Rotary Emblem, like the Rotary Name, represents the international association, RI.
2. Whenever the Rotary Emblem is used for a project, program or activity not under the exclusive control of RI, the name of the participating club(s) or district(s) should also be used in addition to the emblem; should appear directly adjacent to the emblem; and be of a size of equal prominence to the emblem.
3. Any reproduction of the Rotary Emblem must meet RI's proper emblem specifications.
4. Camera-ready art can be obtained through your Club and District Administration Supervisor.
5. No alterations, modifications or obstructions of the Rotary Emblem are permitted. The emblem must be faithfully reproduced and always appear in its entirety.
6. The RI Bylaws discourage any joint use of the RI Emblem with the emblem or logo of another organization. The use of such name, emblem, badge or other insignia in combination with any other name or emblem is not recognized by RI.

If you have questions about District Simplified Grants, please feel free to contact the District Simplified Grant staff at:

District Simplified Grants  
The Rotary Foundation  
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