

GREATER WENATCHEE COMMUNITY FOUNDATION
LEAVENWORTH ROTARY ENDOWMENT FUND
Memorandum of Understanding

1. SEPARATE FUND; NAME; COMPLIANCE WITH CODE. This gift shall be held and identified as a separate fund and shall be known as the LEAVENWORTH ROTARY ENDOWMENT FUND (the "Fund"). The Fund shall be a component part of the Foundation's assets as defined in Section 1.170A-9(e) (1) of the Regulations promulgated under the Internal Revenue Code (the "Code"), and nothing in this gift shall affect the status of the Foundation as an organization (i) described in Section 501(c)(3) of the Code, and (ii) which is not a private foundation within the meaning of Section 509(a) of the Code. This gift shall be interpreted in a manner consistent with the foregoing sentence.

2. ADDITIONAL GIFTS. Additional gifts from any source may be added to the Fund. If other than cash, we authorize, but do not require, the Foundation to sell the property and convert the gift into cash.

3. AUTHORITY: The Foundation will serve as your nonprofit 501(c)(3) umbrella. We have agreed to do this because you have assured us that: (1) the contributions to the Fund will be made by the general public as a result of your continuous and bona fide program for solicitation of funds from the general public; and (2) the special project you plan to complete will provide a direct service, benefit, or facility to the general public.

4. DESIGNATION OF TRUSTEE. This gift is made to the Foundation as trustee of the Fund. This property may be commingled with other funds of the Foundation for investment purposes. The Board of Trustees of the Foundation may delegate investment management of this property to Foundation committees, officers; employees, or third party independent contractors. The investment manager and custodian may change from time to time, in the discretion of the Board of Trustees of the Foundation.

5. DISTRIBUTIONS. Subject to assessment for the reasonable cost of administration of the Foundation and payout policy of the Foundation, and subject to the provisions of the following paragraph, the distribution amounts from the Fund shall be distributed annually or at more frequent intervals for such charitable purposes in the preferred area as the Board of Trustees of the Foundation shall from time to time direct. Such percentage shall be determined from time to time by the Board of Trustees of the Foundation in accordance with its Spending Policy, provided, however, such annual distributions shall in no event exceed the annual payment percentage of the Foundation. It is understood and agreed that, in determining such percentage, the Board of Trustees of the Foundation will consider the anticipated total return on the investments of the Foundation, and any and all other factors which it deems relevant in its sole discretion. Undistributed income will be carried forward annually and become part of the principal. The minimum single distribution shall be not less than \$100.

6. ADVICE BY ADVISORY COMMITTEE. From time to time the Leavenworth Rotary Club Advisory Committee may advise the Foundation concerning the distribution of the Fund for such charitable purposes on an annual basis, provided (a) such advice is consistent with the Foundation's determination of charitable needs and with any guidelines promulgated by the Foundation enumerating specific charitable needs; and (b) the Foundation will not be bound by advice offered by the Advisory Committee, the Board of Trustees of the Foundation at all times retaining the authority and responsibility for directing the distribution from the Fund. In the event the Advisory Committee ceases to exist, or is unable to advise the Foundation concerning distributions, or in the event the Foundation, in its discretion, determines not to follow any such advice, the Foundation shall make all distributions from the Fund consistent with the charitable purposes of the Foundation in the future the Leavenworth Rotary Club should form an organization exempt from tax under Section 501(c)(3) of the Code and upon the request of a majority of the members of the governing board of the 501(c)(3) organization, all or any part of the principal of the Fund may be distributed to it

7. FOUNDATION INSTRUMENTS and POLICIES. This gift shall be subject to the governing instruments and policies of the Foundation, including the powers to modify gift restrictions that are no longer practicable or capable of fulfillment, and to define the distributable income of any fund in such a manner as to encourage the long term growth of such fund.

8. DISSOLUTION. In the event of the termination or dissolution of the Leavenworth Rotary Club, the Foundation may, after taking into consideration recommendations of the Leavenworth Rotary Club Board of Directors distribute the assets of the Fund to such organization or organizations as shall at that time qualify as an exempt organization or organizations under Section 501(c)(3) of the Code which is not a private foundation within the meaning of Section 509(a) of the Code as the Board of Trustees of

Accepted:

GREATER WENATCHEE
COMMUNITY FOUNDATION

By: G. Raymond Taylor
President and CEO

Date:

March 23, 2001

LEAVENWORTH ROTARY ENDOWMENT FUND

LEAVENWORTH ROTARY ENDOWMENT FUND

By: Karl R

Date:

March 23, 2001