

# POLICIES & PROCEDURES

## of the Rotary Club of Alexandria

The following section includes Policies and Procedures for the Rotary Club of Alexandria, Virginia, the Alexandria Rotary (Club) Foundation, and the Alexandria Day Nursery and Children's Home, Inc.

### Approval Dates

ACTION	DATE
Approved by the Board of Directors of the Rotary Club of Alexandria	April, 1997
Financial policies approved	July, 1997
Combined document with minor technical changes approved	December, 1997
Major changes made and approved by the Board of Directors	November, 2003
Major changes made and approved by the Board of Directors	March, 2006
Major changes made and approved by the Board of Directors	June, 2014

"To facilitate understanding, continuity, effectiveness, and efficiency"

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### What Are These Policies? Their Purpose and Use?

The following is a summary of some of the operating and management policies that are observed by the Rotary Club of Alexandria, Virginia (the Club), and its two related organizations in which members of the Club are stakeholders. The related organizations are the Alexandria Rotary (Club) Foundation (the Foundation), and the Alexandria Day Nursery and Children's Home, Inc., (ADN&CH). The Club is tax-exempt under §501(c)(4) of the Internal Revenue Code of the United States. The Foundation is tax-exempt under §501(c)(3) of the Code, which covers charitable, educational, and scientific groups. ADN&CH is also tax-exempt under §501(c)(3).

The purpose of the summary is to facilitate and provide understanding, continuity, effectiveness and efficiency in operations of the Club, the Foundation, ADN&CH, and committees established by the Board from year to year. If it is determined that there is any conflict between these Policies and Procedures and the Articles of Incorporation/Constitution and/or the By-Laws of any of the three entities, the Articles/Constitution and the By-Laws shall prevail.

These guidelines are not intended to and do not replace or modify the existing Articles of Incorporation/Constitution or By-Laws of any of the three entities covered here. The same applies to Rotary International's Constitution and By-laws, and standard publications: Manual of Procedures; Club President's Workbook; Club Secretary's Manual; and Club Committee Manual. These guidelines should be considered supplemental explanation or clarifications as they relate to the general operating policies and procedures of the Rotary Club of Alexandria and its affiliates.

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### How Are Policies Determined? How Are They Promulgated?

The Club Board of Directors at one time or another has approved everything in this document. All members of the Board receive an updated copy to help them carry on their work with knowledge and understanding of accepted practices, including changes, if any, instituted during the preceding year. The document is also available on the Club's website.

This compilation of operating and management policies should be reviewed at least annually, with a view toward such updating and changes, if any, as may be necessary. Accordingly,

before the last scheduled meeting of the Board each Club year (normally held during the month of June), the President and the Secretary of the Club will review the approved minutes of the Board, the Foundation, and ADN&CH to date during the preceding Club year (July 1 through June 30) to determine if changes are in order. Any indicated additions, deletions, or changes will then be drafted and copies provided to:

1. Members of the current Board of Directors, who shall consider them for approval at their last scheduled meeting of the Rotary year;
2. After approval, to incoming Club, Foundation, and ADN&CH officers and directors;
3. All newly appointed committee chairpersons;
4. This document shall be distributed to all members as part of the annual Directory and Handbook, and will also be available for review by all Club members in the Member's Only Section of the Club's website. New members should be provided a hard copy of the document in the new member welcome packet.

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## How Are Policies and Procedures Implemented?

These policies and procedures are observed by all who are involved in the operation of the Club, the Foundation, and ADN&CH. They will be carefully reviewed annually at the orientation meetings of the incoming Club Board of Directors, the trustees of the Foundation (presently the same as the Club Board of Directors), and the Board of Directors of ADN&CH. Orientation should be conducted by the incoming President of the Club.

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## Some Important Considerations

The policies and practices of the Rotary Club of Alexandria, the Alexandria Rotary (Club) Foundation, and ADN&CH are subject to change from time to time to meet the demands of changing times and circumstances; revisions will be made as the need occurs, and as the Board's actions require.

The President and members of the Board of Directors of the Club welcome questions at all times, as well as suggestions for revisions or additions, at their discretion.

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## Club, Foundation, and ADN&CH Records:

### Custody and Repository

Experience has prompted the Board of Directors of the Alexandria Rotary Club to direct that necessary "official" corporate and financial documents shall be filed and stored in a secure, central location. Such documents and records include but are not limited to such items as the Constitution and By-Laws of the Rotary Club of Alexandria, Articles of Incorporation of Alexandria Rotary Foundation and of ADN&CH - and for all three entities (the Club, the Foundation, and ADN&CH) - membership records, copies of meetings minutes, annual reports to the State Corporation Commission, annual financial audit reports, annual Form 990 reports to the Internal Revenue Service, copies of such other documents as records of loans or grants to charitable groups organizations, and whatever else may be appropriate under existing law and recommended procedures in such matters.

The Club Secretary is responsible for the safekeeping of such records of the Rotary Club of Alexandria and its affiliates, the Alexandria Rotary (Club) Foundation and the Alexandria Day Nursery and Children's Home, Inc.

Access to such documents and records normally is restricted to the President, Secretary, and Treasurer of each of the three entities - the Club, the Foundation, and ADN&CH. Responsibility for security of the records lies with the President and Secretary of each of the three. The President and the Secretary of each have authority to grant access to such documents to others when access to such documents is necessary for the proper conduct of each entity.

Current working documents and papers of the Club, Foundation, and ADN&CH may be held in the custody of the respective Presidents, Secretaries, and Treasurers, but custody should be transferred to successor officers, filed, and stored as appropriate, preferably within 90-180 days of the end of each fiscal year.

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## The Rotary Club of Alexandria, What It Is, What It Does, How It Operates

As noted earlier, The Rotary Club of Alexandria operates as a not-for-profit corporation, tax-exempt under §501(c)(4) of the Internal Revenue Code (civic leagues or organizations). The tax-exemption of the Club comes under the group exemption of Rotary International. Although it is a non-profit corporation and is not taxable on its non-profit making activities, it is not a charitable entity, and contributions to it are not tax-deductible.

Founded in March 1928, the Club was chartered by and operates under the guidelines provided by Rotary International, headquartered in Evanston, Illinois. As required of all Rotary Clubs in the United States and its possessions, the Club must file a Form 990 by November each year since its yearly gross receipts average more than \$25,000. The Club is one of over 50 Clubs in District 7610 of Rotary International. It is one of the largest Clubs in the District, with over 100 members. It is responsible and reports annually to the District Governor, who is elected by the member Clubs of the District, and to Rotary International.

Membership in the Rotary Club of Alexandria is by invitation only, as in all Rotary Clubs. Qualifications for membership and procedures for nominating new members are found in the By-Laws of the Club, and are to be strictly observed.

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## Meetings of the Rotary Club of Alexandria

Regular meetings of the Club are scheduled each week of the year on Tuesday. Each meeting is called to order by the presiding officer (the President) at 12:15 p.m. at the meeting location authorized by the Board. In exceptional circumstances, the Board has authority to cancel a meeting for valid reasons. The Club By-Laws provide specific guidance for a meeting cancellation. Weekly attendance by each member is expected, and when absent for any reason, a member may "make up" by attending the meeting of another Rotary Club or by "online makeup" within two weeks in advance of or following the missed Alexandria Rotary Club meeting. The Constitution and By-Laws are very specific in the matter of absences and make-ups. A typical meeting of the Club includes (1) the Pledge of Allegiance; (2) an invocation; (3) luncheon; (4) such announcements as are necessary; and (5) a guest speaker or other informative program. Adjournment is 1:30 p.m.

The annual meeting of the Club should be held each Rotary year no later than the end of December, as provided for in the Club Constitution and By-Laws. Officers and directors for the next Rotary year, beginning July 1 next, are elected at that time. In addition, the annual Club financial report for the fiscal year ended the preceding June 30 will be rendered. At the same time, the annual meeting of the Foundation should be held, including especially a financial report for the Foundation for the fiscal year ended the preceding June 30. Finally, the annual meeting of the Club will be recessed, and the annual meeting of ADN&CH will be convened. At that time, the President of ADN&CH will render a financial report to the members of "the Corporation" known as ADN&CH (who are the members in good standing of the Rotary Club of Alexandria), and election of directors for vacancies to occur on the following June 30 will be held. (Please also see later information about ADN&CH organization and operation.)

The annual Club Assembly should be held no later than the end of January each year. At that time, status reports are presented covering all activities of the Club. Because there are so many committees involved, reports ordinarily may be collected, summarized, and presented by each member of the Board of Directors of the Club on behalf of and for all committees under his or her purview (see Organization and Operation of Club Committees, below). Other special meetings of the Club including the annual "Charter Night" meeting are held from time to time as the Board of Directors may decide.

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## Governance: How the Club Board Is Organized and Operates

Specific provisions for the election and responsibilities of the Club Board of Directors are found in the Constitution and in the By-Laws of the Rotary Club of Alexandria.

The Club is governed by a Board of Directors, which during its term of office has sole authority and responsibility for the Club, its operations, and activities. The Board is assisted by such committees formed pursuant to Article VII and VIII of the Club's Bylaws, and such ad hoc committees as the Board of Directors deems necessary. Members of the Board of Directors are elected annually by the members at the annual business meeting of the Club in December. They take office the following July 1 at the beginning of the next Rotary year. A Nominating Committee composed of the five most recent Presidents of the Club solicits input from Club members and prepares a slate of officers and directors each year for consideration and vote of the members at the annual Club meeting. The Nominating Committee is chaired by the immediate Club past President.

Officers include the President, who presides at all meetings of the Club and the Board of Directors. The President-elect, who will be installed as President the following July 1, assists the President at weekly meetings and chairs Group A- Club Service. The Vice President ordinarily will be moved up to the office President-Elect at the next election of officers, when a new Vice President will be elected. The Vice President chairs Group B Club Service. The Club Secretary is elected each year, and in the interest of continuity and convenience, may be reelected as often as desired. Similarly, the Club Treasurer is elected each year and for continuity and convenience also may be reelected as often as desired.

Five additional members of the Board of Directors are elected each year, and normally do not succeed themselves as directors (although one or more may be elected to be officers of the Club for the year following their service as directors). The immediate past President of the Club and the President of the Alexandria Day Nursery and Children's Home serve as ex officio voting members of the Board of Directors. The Sergeant-at-Arms is a voting officer of the Club, is elected annually by the Board of Directors within a week after their election (see Club By-Laws), meets with the Board of Directors (with vote), and for the sake of continuity may be reelected as often as desired.

Meetings of the Club and the Club Foundation Boards of Directors are held monthly as directed by the President. Board Meetings are open to all members who wish to attend. New members are required to attend at least one meeting of the Club Board of Directors as a part of their orientation and indoctrination.

If and when the Board is required to consider sensitive personal or financial matters, especially if they relate to individual member(s), the Club President may close the open Board meeting at his/her discretion to meet briefly and privately in executive session. The occasions for such private, executive sessions are expected to be unusual, few-and-far-between, and are never to be considered as regular or routine occurrences.

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## Expense Reimbursement for Club Officers and Board Members

Although no officer, Director, or member of the Rotary Club of Alexandria, the Club Foundation, and ADN&CH receives compensation of any kind for his or her services, provisions have been made for reimbursement of expenses of certain officers and members of the Club Board of Directors in connection with their attendance and participation in the annual Rotary International convention, the annual District Conference, or other District organized events as may be appropriate.

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## Travel Expenses of the President Elect for Rotary International Conventions

The Club has always deemed it important for the Club President-Elect to attend the annual Rotary International Convention, and for many years has reimbursed the President-Elect at least a portion of the expenses incident to attendance.

Reimbursement for reasonable and necessary travel expenses to the International Convention is authorized for the Club President-Elect and spouse. It is anticipated that the amount to be reimbursed will vary each year, subject to reasonable travel expenses for the site holding the International Convention. The amount shall be determined each year by the Treasurer, subject to approval by the Board of Directors.

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## Expense Reimbursement for Club Officers and Directors Attending District Conferences

In the interest of supporting and encouraging attendance at the annual Rotary District Conference when held outside metropolitan Northern Virginia, the Club may reimburse certain of the costs incurred by officers and Board members, according to the following schedule (note also Club member reimbursement for registration fees only):

“Early” registration fees	100% reimbursement for all officers and directors and Club members;
Lodging expense (not meals)	100% for the Club President and the Club Secretary; 75% for the President-Elect, Vice President, and the Treasurer;
Events (member only)	100% for the Club President and the Club Secretary, 75% for the President-elect, Vice President, and the Treasurer.

Since there normally are no additional expenses for a spouse/guest with respect to early registration fees and lodging expenses (not meals), they are encouraged to attend. Event expenses for spouses/guests are additional, and are not reimbursed. In the event of “no-shows,” full reimbursement by the member to the Club is expected.

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## Organization and Operation of Club Committees

The Club By-laws provide for the organization and operation of committees in general, although the Board of Directors from time to time may establish such new committees, ad hoc committees, and task forces as may be required for efficient operation of the Club. Similarly, the Board may abolish those committees which have outlived their usefulness, or when they have completed their assigned work. Descriptions of the scope of operation and responsibilities of all committees will be reviewed annually by the incoming Board of Directors, and updated as required.

Each committee is headed by a chairperson, who is responsible for the organization and operation of the group in his or her charge, according to and within such guidelines, operational and financial, as may be provided by the Board. Committees may make recommendations to the Board, but without specific authorization by the Board, may take no other action of any kind. A tried-and-true guideline through the years suggests that committees recommend; the Board decides and in turn directs committees and members with respect to how their (Board) decisions are to be implemented.

Alexandria Rotary Club committees are organized in seven groups: Groups A, the Club Administration group; Group B, composed of Club Service-related committees; Group C is composed of the Club Membership committees; Group D is composed of Public Image committees; Group E is composed of the Service Projects – Community committees; Group F is composed of the Service Projects – International committees; Group G is composed of the

Foundation related committees. Each group is committed to the oversight of a member of the Board – President-Elect, Vice President, and each of the five Directors of the Club – who is responsible for submitting oral and written reports covering his/her committee activities at the monthly meetings of the Club Board of Directors. Because of the nature of their responsibilities, the Secretary and the Treasurer have no direct committee responsibilities, however, are expected to make monthly reports on membership and financial matters to the Board of Directors.

The Sergeant-at-Arms and the Immediate Past President are ordinarily invited to offer suggestions or comments at Club Board meetings, at the discretion of the Club President. In addition, the editor of the Club Bulletin may also be invited to attend and offer suggestions or comments at monthly Club Board meetings.

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## Why the Role of the Club Finance Committee Is Unique

The Finance Committee of the Rotary Club of Alexandria warrants some special comment. It was authorized and first organized by the Club Board of Directors to serve in an expert, advisory capacity to (1) the Club, (2) the Club Foundation, and (3) ADN&CH.

They recommended that the chairperson of the Finance Committee should be a professional investment counselor, a Certified Public Accountant, or attorney. Other Committee members may also be from these or related professions. To provide continuity Finance Committee members normally serve for three-year, staggered terms (terms expire for three committee members each year). Finance Committee members may be reappointed.

The principal role of the Finance Committee is to serve in an advisory capacity to the Club Board of Directors, the Club Treasurer, the Club Foundation Treasurer and Board of Directors, and the President, Treasurer and Board of Directors of ADN&CH. The expert advice should cover such important areas as investment of reserve funds, general accounting practices, and unrelated business income taxation (UBIT) questions. To repeat, the Club Finance Committee acts only in an expert advisory capacity in the governance of the Club, the Foundation, and ADN&CH.

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## The Alexandria Rotary (Club) Foundation

The Alexandria Rotary (Club) Foundation is a not-for-profit organization operating under §501(c)(3) of the Internal Revenue Code (providing tax-exemption for charitable, educational, and scientific groups). The assistant general counsel of Rotary International has noted that the Foundation is “the non-profit organization under which the Alexandria Club is doing its charitable and/or fund raising work.” The parenthetical use of the word “Club” in the Foundation title is to avoid confusion of the Club Foundation with the Rotary International Foundation, in which all members of the Rotary Club of Alexandria participate and wholeheartedly support.

The Club Foundation expends a portion of its assets annually for educational and charitable purposes. It was incorporated in 1990 for the purpose of accumulating principal and spending income, and its primary function is to receive contributions, manage the functions of the Foundation, and distribute the income (primarily financial and administrative functions).

The primary source of income of the Club Foundation is the Club itself and its projects. The annual allocation of funds by the Club Foundation primarily is to projects recommended by the Alexandria Rotary Club. The Foundation also provides the opportunity to receive income from other sources both inside and outside the Club. These include bequests and contributions from non-member sources. Unlike contributions to the Rotary Club of Alexandria itself, contribution to the Club Foundation normally is tax-deductible. The Finance Committee of the Club advises the Foundation in its financial matters.

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## How the Alexandria Rotary (Club) Foundation Is Governed

The officers and directors of the Alexandria Rotary (Club) Foundation are the officers and directors of the Rotary Club of Alexandria.

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## Meetings and Reports of the Club Foundation

The annual meeting of the Alexandria Rotary (Club) Foundation is held at the same time as the annual meeting of the Rotary Club of Alexandria itself. At that time, the Foundation President will present to the members a financial report for the Foundation for the preceding fiscal year ended June 30. Financial reports of the Club Foundation will also be presented on a monthly basis to members of the Club (Foundation) Board of Directors at their regularly scheduled meetings.

Annual reports will be made as required to the State Corporation Commission of Virginia by the Foundation Secretary or the registered agent for the Foundation. The annual financial reports to the U.S. Internal Revenue Service (Forms 990) will be made by the end of November each year for the fiscal year ended June 30 preceding. Although the reports are the responsibility of the Foundation (Club) Board, they ordinarily are prepared and made on the Board's behalf by the Certified Public Accountant selected by the Board as the accountants for the Foundation.

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## Alexandria Day Nursery and Children's Home, Inc.

Like the Alexandria Rotary (Club) Foundation, the Alexandria Day Nursery and Children's Home, Inc., (ADN&CH) is also a not-for-profit, tax-exempt organization under §501(c)(3) of the Internal Revenue Code. It was sponsored and incorporated in 1930 by the members of the Rotary Club of Alexandria, and its affiliation with the Club has continued since then. The Articles of Incorporation of ADN&CH provide that "the members of the corporation shall be the current members in good standing of said Club."

For more than 25 years from 1931 to 1947, ADN&CH operated a day nursery and owned property at 411 Prince Street in Old Town Alexandria. Once these activities were no longer needed because of the availability of City-operated and other services, the corporation invested its assets and has used them and their income from time to time for carefully designated charitable activities. According to the amended (1966) Articles of ADN&CH, the charitable purposes for which it may use its funds are as follows:

To conduct or assist in conducting a day nursery or children's home for minors, to aid and assist minor children and young people to obtain medical support, medical or therapeutic treatment, education, special training or any other care and attention deemed necessary or advisable in each individual case, and to operate exclusively for charitable, literary and educational purposes.

A member of the AND&CH shall serve on the Board of Directors of the Club and report to the Board the finances and activities of AND&CH.

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## Operation and Governance of the Alexandria Day Nursery and Children's Home, Inc.

As noted above, members of ADN&CH, Inc., are the current members of the Rotary Club of Alexandria, Virginia. ADN&CH is governed by a Board of Directors composed of twelve (12) members of the Alexandria Rotary Club, who are elected annually, four at a time by the members of the corporation (the Club members) to serve staggered terms of three years each. At the expiration of their three-year terms, ADN&CH Board members may succeed themselves if so elected/. Officers of ADN&CH are a President and Treasurer, elected from among the Board members. According to the amended Articles of ADN&CH, the ADN&CH Board of Directors is authorized to expend and invest the funds of the corporation for the purposes of

the corporation as such Board may deem proper. At the same time, ADN&CH is expected by the corporation (Club) members to earnestly seek the advice of the Finance Committee of the Alexandria Rotary Club, as noted earlier.

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## Meetings and Reports of “the Day Nursery and Children’s Home

The ADN&CH has authority to invest and expend its funds as it deems proper, “provided, however, that a financial report and statement of all receipts and disbursements shall be submitted to the members of the corporation (Alexandria Rotary Club members) at least annually.”

The annual meeting of ADN&CH is held at the same time as the annual meeting of the Rotary Club of Alexandria. At that time, the ADN&CH President will make a financial report for ADN&CH to the Club members covering the preceding fiscal year ended June 30, as provided for in the ADN&CH Articles of Incorporation.

Condensed financial reports of ADN&CH may also be made available to members of the Club Board of Directors at their regularly scheduled monthly meetings. Such other meetings of the ADN&CH Board of Directors as may be necessary to approve investment of available funds, approve expenditures as authorized by ADN&CH Articles of Incorporation, and for the conduct of such other business as may be necessary will be held from time to time on the call of the President of ADN&CH or by request of at least two-thirds (8) of the twelve-member ADN&CH Board of Directors.

Annual reports will be made as required to the State Corporation Commission of Virginia by the ADN&CH President or the registered agent for ADN&CH. The annual financial reports to the U.S. Internal Revenue Service (Forms 990) will be made by the end of May each year for the calendar year ended December 31 preceding. Although the reports are the responsibility of the ADN&CH Board, they ordinarily are prepared and filed on such Board’s behalf by the Certified Public Accountant selected as the accountants for ADN&CH by the Club Board on behalf of the members (who are also the ADN&CH corporation members).

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## Election of Members of the Board of ADN&CH

The Articles of Incorporation of ADN&CH as most recently amended in 1966 require the members of the corporation (the members in good standing of the Alexandria Rotary Club) to elect the members of the ADN&CH Board of Directors. Experience through the years apparently suggests that a twelve-member Board works well for ADN&CH (it may be composed of as few as five and no more than fifteen members).

Accordingly, one-third of the members of the ADN&CH Board of Directors (four) will be elected annually at the annual business meeting of members of the Rotary Club of Alexandria. The annual meeting is held no later than the end of December each year.

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## Financial Management

These financial management policies are intended to guide the officers, Board of Directors, and members of the Rotary Club of Alexandria in the receipt, investment, accounting and expenditure of all funds. They were developed by the Club’s Finance Committee (please see page 39 “Why the Role of the Club Finance Committee Is Unique”), and approved by the Club Board of Directors in July 1997.

As with all the policies in this document, if and when it is determined there is any conflict between these Policies and Procedures and the Articles of Incorporation/Constitution and/or the By-Laws of any of the three entities (the Club, the Club Foundation, and ADN&CH), the Articles/Constitution and the By-Laws shall prevail.

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## Reviewing the Organization of the Club, Club Foundation, and ADN&CH

The Board of Directors of the Club is responsible for overall financial management of all funds of the Club and the Club Foundation (the governing bodies of the two are currently the same). Officers and directors of the Club are delegated specific financial management duties and responsibilities necessary to carry out the functions of their assigned groups and committees. The Board of Directors of ADN&CH is responsible for overall financial management of ADN&CH funds, and is accountable at least annually to the members of the Club (the members of the ADN&CH corporation) for all receipts and expenditures.

As the Articles, Constitution/By-Laws and customs of the respective entities (the Club, Club Foundation, and ADN&CH) provide, the Treasurers of each are custodians of all funds under their control. In accordance with the policies established by their respective Boards, ONLY the Treasurers are authorized to open checking or savings accounts and disburse funds of the Club, Club Foundation, and ADN&CH. The Treasurers should be ex officio members of the Finance Committee. They are to be covered by a fidelity bond paid from the funds of the Club.

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## The Relationship Between the Club Finance Committee and ADN&CH

With respect to these financial management policies and the investment policies that follow, the unique authority and responsibility of the ADN&CH governing body (Board of Directors) are always respected. A brief review is helpful at this point.

The Board of Directors of ADN&CH is authorized by the amended Articles of ADN&CH "to expend and invest the funds of the corporation for the purposes of the organization as such Board may deem proper." Those Articles continue, "provided, however, that a financial report and statement of all receipts and disbursements shall be submitted to the members of the corporation (Alexandria Rotary Club members) at least annually." The authority and responsibility of the ADN&CH Board of Directors are fully understood by the corporation (Club) members and the Club Board.

The fiduciary responsibility of the ADN&CH Board is to the members of its corporate body, who are the members in good standing of the Rotary Club of Alexandria. Those Club members have at their disposal the professional financial management and investment expertise of the Club Finance Committee. It is not only logical but a matter of good business that the ADN&CH Board of Directors should utilize the financial management and investment advice available to the Club (the members of ADN&CH) and the Club Foundation.

Finally, observation of the approved financial management and investment policies delineated for the Club and the Club Foundation and utilization of the professional financial management and investment advisory expertise available to them does not compromise the ADN&CH Board's authority "to expend and invest the funds of the corporation as such Board may deem proper."

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## The Business of Budgeting

Prior to the start of each new Club year, the Treasurer(s) of the Club and the Foundation should provide the Board(s) with a worksheet containing financial data for the previous Club year's actual expenditures, and the current year's budget and year-to-date expenditures. Each officer and director responsible for a services group and appropriate committees should then provide a recommended budget for the upcoming year to the Treasurer(s) for consolidation and submission to the Board(s) for approval. Once approved, the budget(s) represent the annual spending plan. No expenditure not contained in the approved budget(s) may be made without specific approval of the Board(s). The budget/spending plan of ADN&CH is the responsibility of the ADN&CH Board of Directors.

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## General Fiscal Management

Accounts of the Club, the Club Foundation, and ADN&CH should be maintained on at least a modified accrual basis. The Treasurer(s) should develop a chart of accounts to define the revenue and expenditure objects for the various funds, assisted as necessary by the Finance Committee.

With the concurrence of their respective Board(s), the Treasurer(s) should establish all checking, savings or other financial accounts to secure the funds of the Club and its affiliates.

With the guidance and concurrence of their respective Board(s), the Treasurer(s) should establish custodial agreements with appropriate agents as necessary to secure the investments and other assets of the Club, the Club Foundation, and the ADN&CH.

As authorized by their respective Board(s), the Treasurer(s) of the respective entities should assure the establishment of necessary internal controls to assure proper receipt, accounting, and disbursements of all assets and funds. The Treasurer(s) should establish and enforce any necessary procedures governing cash disbursements.

Brokerage accounts may be established by the Treasurer(s) on behalf of their respective Boards of Directors for the purpose of investment of funds of the Club, the Club Foundation, and ADN&CH.

The appropriate Board of Directors has sole authority to obligate the funds of the Club, the Club Foundation, and ADN&CH respectively, based on the budgetary spending plans it adopted at the beginning of the Club year.

The Treasurer(s) should establish and oversee necessary procedures for receiving any goods and services and authorizing subsequent payment.

The Treasurer(s) should establish procedures to account for and inventory the property of their respective entities.

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## Financial Reporting (to Members and to the IRS)

If possible, the Treasurer(s) of the Club and the Club Foundation should provide their Board(s) three days prior to the monthly meeting(s) of the Board with a monthly financial statement covering all funds, to be approved at each of the monthly meetings of the Board(s) of Directors.

A simplified written annual report of the fund balances, receipts and expenditures for the year ended June 30 covering each of the three entities - the Rotary Club of Alexandria, the Alexandria Rotary (Club) Foundation, and the ADN&CH - will be provided to the members at the annual meeting (no later than the end of December January? each year).

The Board(s) of Directors of the Rotary Club of Alexandria, the Alexandria Rotary (Club) Foundation, and the ADN&CH will select a public accounting firm to assist with annual financial reviews and preparation of required reports to the members and appropriate government agencies.

The annual filings of (IRS) Forms 990 and 990-T for organizations exempt under Sections 501(c)(3) and 501(c)(4) of the Internal Revenue Code should be prepared by the public accounting firm selected to assist in preparation of annual financial reviews and reports.

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## Investment Policies of the Club, Club Foundation, ADN&CH

Generally Speaking, These Are the Investment Policies

All the Policies and Procedures contained in this document, and these Investment Policies in particular, are subject to change without notice. These policies respect the volatile nature of financial investments and recognize the fiduciary responsibilities of not-for-profit organizations' elected officers and Boards of Directors, including the Rotary Club of Alexandria and its

affiliates, the Alexandria Rotary (Club) Foundation, and the Alexandria Day Nursery and Children's Home.

The Finance Committee has the responsibility to recommend a banker/broker to the Board(s) of Directors and monitoring compliance with the investment policy approved by the Board(s). If possible, practical, and prudent, the recommended banker/broker should be a member in good standing of the Club. The Board will engage the banker/broker to assist with implementation of the approved investment policy.

The general guidelines that follow should be recognized in the investment policy of the Rotary Club of Alexandria and its affiliates.

Rotary Club of Alexandria. Excess funds should be invested to maximize interest earned with minimal risk of loss of principal. Funds should be invested in savings, money market accounts and certificates of deposit. Equity securities are not to be used for short-term excess funds of the Club.

Alexandria Rotary (Club) Foundation. Funds should be identified as (a) short term (funds to be used within one [1] to three [3] years) and (b) funds deemed to be long term (more than three [3] years). Short-term funds should be invested in the same manner as the Club excess funds. Long-term funds should be invested in a conservative manner appropriate to not-for-profit organizations. The investment goals and investment policy guidelines that should be observed by the designated banker/broker have been developed and approved by the Board(s) of Directors.

Alexandria Day Nursery & Children's Home. Like the Club Foundation, ADN&CH is tax-exempt under Sec. 501(c)(3) of the Internal Revenue Code, which is applicable to charitable, scientific, and educational organizations. Therefore, the handling of investments for ADN&CH logically should be expected to be similar to that recommended for the Club Foundation. Available funds should be identified as short term (one to three years) and long term (more than three years), and investments should be made in a conservative manner.

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## Investment Goals

Assets should be invested with an expectation of achieving a reasonable rate of return.

Investments should be maintained in such a manner that the minimal total rate of return on average is not less than zero percent (0%) per year.

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## Investment Policy Guidelines

Assets are to be managed with a view toward achieving the rate of return described above under Investment Goals.

Emphasizing this consideration and the fiduciary responsibilities associated with management of the funds, there are certain characteristics that should be recognized as guidelines in formulating these investment policies, as well as in practice.

The investment horizon of the funds should be the next three (3) to five (5) year period.

ALLOCATION OF ASSETS	MAXIMUM
Cash equivalents	100%
Equities	50%
Fixed income	50%

Investment style – The banker/broker is expected to use variations in the equity ratio as a major means of obtaining consistency of performance as well as capital protection and current income. It is unlikely that the equity ratio will be maintained at the target level throughout a market cycle. Significant restructuring of the portfolio among industry groups with regard to

and in maturity and/or quality averages with regard to debt securities may well be appropriate over various of the market cycle.

Equity securities (equities) – Equity securities mean common stocks or equivalents, mutual funds, American Depository Receipts, etc., plus issues convertible into common stock.

Fixed income securities (fixed income) – Fixed income securities mean marketable debt securities issued by either the U.S. Government, domestic corporations, domestic banks, other U.S. institutions, or mutual funds. All fixed income securities should be investment grade rated.

Equity concentration (equity) – The banker/broker should manage the equity portfolio so that an unexpected correction in the price of any one company or industry segment will not have a material negative impact on the portfolio.

Fixed income concentration (fixed income) – Except for U.S. Treasury and agency issues, the fixed income portion of the portfolio should not exceed more than ten per cent (10%) of a given issue.

Money market instruments – Short-term money market instruments may represent a material portion of the portfolio. If commercial paper is used, it must be only the highest quality (A-1 or P-1). Savings accounts, if maintained, should be in local banks.

Commingled assets – The equity, fixed income, and money market portions of the portfolio may employ commingled assets or be commingled with other assets.

Mutual funds – Mutual funds are an acceptable investment medium to be used for equities, fixed income or money market instruments.

Prohibited securities – The following categories of securities are not permissible for investment without the written approval of the Board(s) of Directors:

Unregistered or restricted stock;

Commodities, including gold or currency futures;

Private placement debt, except as may be positioned in commingled funds;

Real estate, either by direct purchase or by the use of commingled funds;

Tax exempt securities;

Options;

Warrants;

Margin buying;

Short selling.

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## Communication and Reporting

The Finance Committee will meet with the banker/broker/asset manager at least twice a year to review the current performance, results of portfolio and to review policy for any changes. It is the responsibility of the selected banker/broker/asset manager to provide reports one week prior to each scheduled review to permit the Finance Committee to evaluate compliance with this Investment Policy. The Finance Committee will report the results of each review to the Board(s) of Directors.

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## Implementation

Assets invested for the Board(s) of Directors by their selected banker/broker/asset manager after the adoption of this Investment Policy should be conformed to the provisions of this statement of such Investment Policy. To the extent that the Board(s) may deliver to the banker/broker/asset manager, in cash or in kind, trust assets heretofore invested for them by the banker/brokers/, within one hundred eighty (180) days after the delivery of said prior to the Board(s), the entire portfolio managed by the banker/broker should conform in all respects to this statement of Investment Policy.