



**Rotary Club of Bailey's Crossroads, Virginia
Bailey's Crossroads Rotary Club Foundation**

POLICIES AND PROCEDURES

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

Approved by the Board of Directors of the Rotary Club of Baileys' Crossroads on May 2, 2000.

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 Bailey's Crossroads, Virginia (the Club), and its related organization in which members of the Club are stakeholders. The related organization is the Bailey's Crossroads Rotary Club Foundation (the Foundation). 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.

The purpose of the summary is to facilitate and provide understanding, continuity, effectiveness and efficiency in operations of the Club, the Foundation, 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 Bylaws of any of the two entities, the Articles/Constitution and the Bylaws shall prevail.

These guidelines are not intended to and do not replace or modify the existing Articles of Incorporation/Constitution or Bylaws of any of the two entities covered here. The same applies to Rotary International's standard publications: *Manual of Procedures; Club Presidents 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 Baileys Crossroads and its affiliates.

How Are Policies Determined? How Are They Promulgated?

Everything in this document has been approved by the Club Board of Directors at one time or another. All members of the Board receive an updated copy each year to help them carry on their work with knowledge and understanding of accepted practices, including changes, if any, instituted during the preceding year.

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 Club 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 Foundation Board 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:

- Members of the current Board of Directors, who shall consider them for approval at their last scheduled meeting of the year;
- After approval, to incoming Club, and Foundation officers and directors;
- All newly appointed committee chairpersons;
- Initially, to all members of the Club, and thereafter, to all new members of the Club when they undergo orientation at their required Orientation Meeting.

How Are Policies and Procedures Implemented?

These policies and procedures are observed by all who are involved in the operation of the Club, and the Foundation. They will be carefully reviewed annually at the orientation meetings of the incoming Club Board of Directors and the Board of the Foundation. Orientation should be conducted by the incoming President of the Club.

For ease of reference, the organization chart and a brief description of the Club, and the Foundation condensed from the material, which immediately follows these introductory remarks.

Again, Some Important Considerations:

The policies and practices of the Rotary Club of Bailey's Crossroads, and the Bailey's Crossroads Rotary Club Foundation 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.

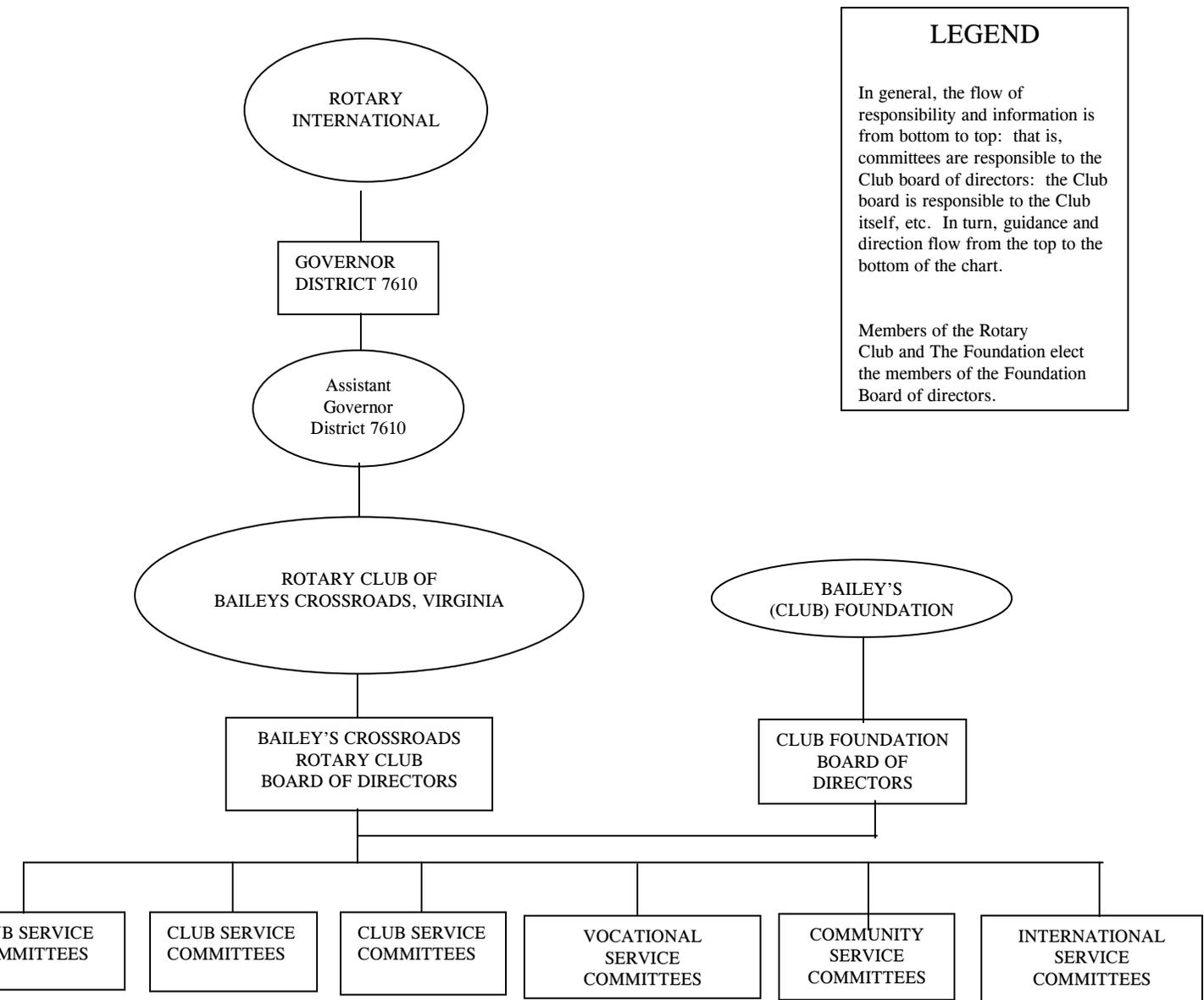
Organization Chart: The Club and Foundation:

Stakeholders of the Club and the Foundation are identical, that is, the members of the Rotary Club of Bailey's Crossroads, but each entity operates for different purposes, in a different manner, and each is governed by its own Board of Directors. This simplified organization chart is intended to show graphically how the Club and the Foundation are related, operate, and are governed, as well as the flow of responsibility.

(Continued on Page Three)

Organization Chart: the Bailey’s Crossroads Rotary Club and Foundation

Stakeholders of the Club and the Foundation, are identical – that is, the members of the Rotary Club of Bailey’s Crossroads – but each entity operates for different purposes, in a different manner, and each is governed by its own trustees or Board of Directors. This simplified organization chart is intended to show graphically how the Club and the Foundation, are related, operate, and are governed, as well as the flow of responsibility between the two.



Club and Foundation Records Custody and Repository:

Experience has prompted the Board of Directors of the Bailey's Crossroads 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 Bylaws of the Rotary Club of Bailey's Crossroads, Articles of Incorporation of Bailey's Crossroads Club Foundation and for both entities (the Club and the Foundation) 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.

Access to such documents and records normally is restricted to the president, secretary, and treasurer of each of the two entities the Club, and the Foundation. Responsibility for security of the records lies with the president and secretary of each of the two.

Current working documents and papers of the Club and Foundation 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.

The Rotary Club of Bailey's Crossroads, What It Is, What It Does, How It Operates:

As noted earlier, The Rotary Club of Bailey's Crossroads 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 February 1977, 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 the 45-50 clubs in District 7610 of Rotary International. It is responsible to, and reports annually through the Assistant District Governor, to the District Governor, who is elected by the member clubs of the District, and to Rotary International.

Membership in the Rotary Club of Bailey's Crossroads is by invitation only, as in all Rotary Clubs. Qualifications

for membership and procedures for nominating new members are found in the Bylaws of the Club, and are to be strictly observed.

Meetings of the Rotary Club of Bailey's Crossroads:

Regular meetings of the Club are scheduled each week of the year on Friday. Each meeting is called to order by the presiding officer (the president) at 7:30 a.m. at the Athens Restaurant, Bailey's Crossroads, Virginia. In exceptional circumstances, the Board has authority to cancel a meeting for valid reasons. The Club Bylaws 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 within two weeks in advance of or following the missed Bailey's crossroads Rotary Club meeting. The Constitution and Bylaws are very specific in the matter of absences and makeups. A typical meeting of the Club includes (1) the Pledge of Allegiance; (2) an invocation; (3) Breakfast; (4) such announcements as are necessary; and (5) a guest speaker or other informative program. Adjournment is 8:30 a.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 Bylaws. 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.

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.

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 Bylaws of the Rotary Club of Bailey's Crossroads.

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 as may be organized by the Board each year. There are ten voting members of the Board of Directors, who 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, chaired by the immediate past president, 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. 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. The Vice President ordinarily will be moved up to the office of President-Elect at the next election of officers, when a new Vice President will be elected. 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.

Four 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 serves as an *ex officio* voting member of the Board of Directors. Although technically not a member of the Board of Directors, the Sergeant-at-Arms is an officer of the club, is elected annually by the Board of Directors within a week after their election (see *Club Bylaws*), meets with the Board of Directors (without vote), and for the sake of continuity, may be reelected as often as desired.

Meetings of the Club Board of Directors are held monthly, typically on the first Tuesday of each month. Meetings of the Board of Directors 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.

Expense Reimbursement for Club Officers and Board Members:

Although no officer, director, or member of the Rotary Club of Bailey's Crossroads or the Club Foundation 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, and the annual District Conference.

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.

For International Conventions held in continental United States, reimbursement of actual travel expenses not to exceed \$1,000 is authorized for the Club President Elect only. For International Conventions outside the U.S., reimbursement of the Club President Elect only is authorized for actual air fare and housing expenses not to exceed \$2,500. The amount of reimbursement in each case is subject to revision to recognize increased costs resulting from inflation or other causes.

Expense Reimbursement for Club Officers and Directors Attending District Functions

In the interest of supporting and encouraging attendance at the annual Rotary District PETS and District Assembly the Club may reimburse the costs of meals incurred by Officers and Board Members who attend.

Organization and Operation of Club Committees

The Club Bylaws 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.*

Bailey's Crossroads Rotary Club committees are organized in four avenues of service *Club Service-related committees, Vocational Service, Community Service, and International Service*. Each avenue of service is directed by a non-officer member 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, they are expected to make monthly reports on membership and financial matters to the Board of Directors.

The Immediate Past President is 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.

Club Finance Committee:

As needed or when called upon, The Board of Directors may appoint a finance committee. The principal role of the Finance Committee is to serve in an advisory capacity to the Club Board of Directors, the Club Treasurer, and the Club Foundation Treasurer and Board of Directors. 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 and the Foundation.

The Bailey's Crossroads Rotary Club Foundation:

The *Bailey's Crossroads 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 Bailey's Crossroads Club is doing its charitable and/or fund raising work.

The Club Foundation expends a portion of its assets annually for educational and charitable purposes. It was incorporated in 1997 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 its fund raising projects. The annual allocation of funds by the Club Foundation primarily is to projects recommended by the Bailey's Crossroads 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 Bailey's

Crossroads itself, contributions to the Club Foundation normally are tax-deductible. The Foundation may be advised in its financial matters by the Finance Committee of the Club (see Page 8 of these *Policies and Procedures – Club Finance Committee*).

How the Bailey’s Crossroads Rotary Club Foundation Is Governed:

The Articles of Incorporation require the members of the corporation (the members in good standing of the Bailey’s Crossroads Rotary Club) to elect the members of the Board of Directors. Experience through the years apparently suggests that a five-member Board works well (it may be composed of as few as five and no more than seven members).

Accordingly, two of the members of the Foundation Board of Directors will be elected annually at the annual business meeting of members of the Rotary Club of Bailey’s Crossroads. The annual meeting is held no later than the end of December each year. The current Club President serves as the fifth Foundation Board Member.

Meetings and Reports of the Club Foundation:

The Annual Meeting of the Bailey’s Crossroads Rotary Club Foundation is held at the same time as the annual meeting of the Rotary Club of Bailey’s Crossroads itself (no later than the end of December each year). At that time, the Foundation Chairman 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 the 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 15th 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 auditor of the Foundation accounts.

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 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).

General Fiscal Management

- Accounts of the Club and the Club Foundation should be maintained on a cash basis. The Treasurer(s) should develop a chart of accounts to define the revenue and expenditure objects for the various funds.
- 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 the Foundation.

- 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 and the Club Foundation.
- 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.
- The appropriate Board of Directors has sole authority to obligate the funds of the Club and the Club Foundation 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.

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 meeting(s) with a financial statement covering all funds, to be approved at each of the 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 the Rotary Club of Bailey's Crossroads and the Bailey's Crossroads Rotary Club Foundation will be provided to the members at the annual meeting.

The Board(s) of Directors of the Rotary Club of Bailey's Crossroads and the Bailey's Crossroads Rotary Club Foundation may 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 will be prepared.