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Association for Rescue at Sea, Inc.

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These by-laws were approved by a unanimous vote of the Board of Directors at its annual meeting held in Arlington, Virginia on September 9, 2014.

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BY-LAWS

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9

THE ASSOCIATION FOR RESCUE AT SEA CORPORATION

10

ARTICLE I

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PURPOSE

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To establish a not-for-profit, Tax-exempt Corporation to provide worldwide support and assistance to volunteer maritime rescue services and to recognize and honor extraordinary maritime rescues.

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ARTICLE II

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REGISTERED OFFICE

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The corporation shall maintain a registered office in the State of New York and a registered agent at such office and may have other offices within or without the state. The corporation can additionally maintain offices in other countries foreign to the United States either directly or through related entities.

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ARTICLE III

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BOARD OF DIRECTORS

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SECTION 1. GENERAL POWERS: The affairs of the corporation shall be directed by its board of directors. The members of the board of directors shall be the only voting members of the corporation.

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37 SECTION 2a. NUMBER: The number of directors shall not exceed twenty-five (25).
38 The number of directors may be decreased to not fewer than five (5) due to attrition,
39 resignation, or failure of the board of directors to qualify and elect new directors. The
40 number of directors may be less than five (5) or more than twenty-five (25) only through
41 amendment to this section.

42
43 SECTION 2b. TERM: The term of each director shall be three (3) years, with staggered
44 terms such that one-third of the directors are elected each year. Each director shall hold
45 office until his or her successor shall have been elected, except in cases of death,
46 resignation, or removal. Directors shall take office at the end of the meeting during which
47 they were elected. Directors may not serve more than three consecutive terms.

48
49 SECTION 2c. ELECTION: Directors shall be elected at the annual meeting by a
50 majority vote of the board of directors. Upon election to the board, they become voting
51 members of the corporation.

52
53 SECTION 2d. RESIDENCE REQUIREMENTS: At least one of the directors shall be a
54 citizen of the United States and a resident of the State of New York.

55
56 SECTION 2e. CHAIRPERSON: Each year at the annual meeting, the directors shall
57 elect by simple majority, from among themselves, a director to serve as chairperson for
58 the upcoming year, who shall 1) preside, generally according to rules of parliamentary
59 procedure in Robert's Rules of Order (latest edition), at all meetings of the board of
60 directors, and 2) appoint the chairpersons and members of each corporate committee, and
61 3) have such other authority and responsibilities as hereinafter provided. The newly
62 elected chairperson will assume his or her duties at the end of the meeting during which
63 he or she was elected.

64
65 SECTION 3. VACANCIES: If any vacancy occurs on the board of directors, the
66 nominating committee may meet, nominate, and present candidates for election by the
67 board of directors.

68
69 SECTION 4. COMPENSATION: Directors shall not receive any stated salaries for their
70 services, but by resolution of the board of directors, a fixed sum and expenses of
71 attendance, if any, may be allowed for each regular or special meeting of the board,
72 provided that nothing herein contained shall be construed to preclude any director from
73 serving the corporation in any other capacity and receiving reasonable compensation
74 therefore.

75
76 SECTION 5. RESIGNATION OF A DIRECTOR: Any director may resign by filing a
77 written resignation with the secretary, who shall deliver it immediately to the president
78 and to each member of the board of directors.

79
80 SECTION 6. TRANSFER OF MEMBERSHIP: Membership in this corporation is not
81 transferable.

82

83 SECTION 7. TERMINATION OF A DIRECTOR: The board of directors, by an
84 affirmative vote of two-thirds of the board of directors, may suspend or expel a director
85 for cause after an appropriate hearing, and may, by a majority vote of the directors
86 present at any regularly constituted meeting at which a quorum has been established,
87 terminate the membership of any director who becomes ineligible for board membership.
88

89
90 **ARTICLE IV**

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92 **OFFICERS OF THE CORPORATION**

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94 SECTION 1. OFFICERS: The officers of the corporation shall be a president, one or
95 more vice presidents (the number thereof to be determined by the board of directors), a
96 treasurer, a secretary, and other officers as may be designated and elected by the board of
97 directors. Officers whose authority and duties are not prescribed in these by-laws shall be
98 elected, shall have such authority, and shall perform such duties as may be prescribed,
99 from time to time, by the board of directors. Any two or more offices may be held by the
100 same person, except the offices of president and secretary.

101
102 SECTION 2. ELECTION AND TERM OF OFFICE: Officers of the corporation shall
103 be elected for a two-year term by the board of directors at the regular, annual meeting of
104 the board of directors. The president and treasurer shall be elected on even years, and the
105 vice president(s), secretary, and chief information officer (CIO) shall be elected on odd
106 years. Election shall require a majority vote of the board of directors at the annual
107 meeting. If the election of officers should not be held at the annual meeting, such
108 election shall be held as soon thereafter as conveniently may be done. Officers shall take
109 office at the end of the meeting during which they were elected.

110
111 SECTION 3. VACANCIES: Vacancies may be filled or new offices created and filled at
112 any meeting of the board of directors where a quorum is present, by a majority vote of all
113 the directors. Each officer shall hold office until his successor shall have been qualified
114 and duly elected or until said officer shall resign or shall have been removed in the
115 manner hereinafter provided. Election of an officer shall not of itself create contract
116 rights.

117
118 SECTION 4. LIMITATION OF NUMBER OF TERMS: The president, vice
119 president(s), secretary, treasurer, and chief information officer (CIO) serve without
120 limitation at the pleasure of the board of directors.

121
122 SECTION 5. REMOVAL: Any officer elected or appointed by the board of directors
123 may be removed by the board of directors whenever, in its judgment, the best interest of
124 the corporation would be served thereby. Such removal shall be without prejudice to the
125 contract rights, if any, of the person so removed. Removal of an officer can only occur by
126 vote of a two-thirds majority of the board of directors, after an appropriate hearing is
127 held.
128

129 SECTION 6. SUCCESSION: The order of succession to the office of president shall be
130 one of the vice presidents selected by the board of directors; and if there should be no
131 vice president, then the secretary. The chairperson of the board of directors may appoint
132 any of these offices if there is no elected person available, or may let the succession stand
133 until the next election. Such appointed person shall serve until the next annual meeting, at
134 which time an election to fill the remaining term shall be held.

135

136

137 **ARTICLE V**

138

139 **OFFICERS**

140

141 SECTION 1. PRESIDENT: The president shall be the principal executive officer of the
142 corporation and should be a member of the board of directors. Subject at all times to the
143 direction and control of the board of directors, the president shall oversee the business
144 and affairs of the corporation; shall see that the resolutions and directives of the board of
145 directors are implemented except in those instances in which the responsibility is directly
146 assigned to some other person by the board of directors; shall serve as a member of all
147 committees, and, in general, shall discharge all duties incident to the office of president
148 and other such duties as may be prescribed by the board of directors. Except in those
149 instances in which the authority to execute is expressly delegated to another officer or
150 agent of the corporation or a different mode of execution is expressly prescribed by the
151 board of directors or the by-laws, the president may execute for the corporation any
152 contracts, deeds, mortgages, bonds, or other instruments which the board of directors has
153 authorized to be executed, and may accomplish such execution either under or without
154 the seal of the corporation and either individually or with the Secretary, any assistant
155 secretary, or any other officer hereunder authorized by the board of directors, according
156 to the requirement of the form of the instrument.

157

158 SECTION 2. VICE PRESIDENT(S): The vice president(s) shall assist the president in
159 the discharge of duties as the president may direct and delegate and shall perform such
160 other duties as from time to time may be assigned by the president or by the board of
161 directors. In the absence of the president or in the event of the president's inability or
162 refusal to act, a vice president designated by the board of directors shall perform the
163 duties of the president and when so acting, shall have all the powers of and be subject to
164 all the restrictions upon the powers of the president. When so acting, the vice president
165 may execute the powers of the office of president, including the power to execute for the
166 corporation any contracts, deeds, mortgages, bonds, or other instruments which the board
167 of directors has authorized to be executed, and may accomplish such execution either
168 under or without the seal of the corporation and either individually or with the secretary
169 and any assistant secretary, or any other officer there under authorized by the board of
170 directors, according to the requirements of the form of the instrument.

171

172 SECTION 4. TREASURER: The treasurer shall be the principal accounting and
173 financial officer of the corporation. The treasurer shall: (A) have charge of and be
174 responsible for the maintenance of adequate books of account for the corporation; (B)

175 have charge and custody of all funds and securities of the corporation, and be responsible
176 for the receipt and disbursement thereof; and (C) perform all the duties incident to the
177 office of treasurer and such other duties as from time to time may be assigned by the
178 president. If required by the board of directors, the treasurer shall give a bond for the
179 faithful discharge of these duties in such sum and with such surety or sureties as the
180 board of directors shall determine. The treasurer shall have authority to invest funds to
181 earn interest as the best interests of the corporation dictate. These investments are to be
182 made conservatively and prudently under the direction of the finance and audit
183 committee.

184

185 SECTION 5. SECRETARY: The secretary shall record the minutes of the meetings of
186 the members and of the board of directors in one or more books provided for that
187 purpose; see that all notices are duly given in accordance with the provisions of these by-
188 laws or as required by law; be custodian of the corporate records and seal of the
189 corporation; keep a register of the post office address of each member; keep the
190 corporation registration current, which includes filing the annual report; and perform all
191 duties incident to the office of secretary and such other duties as from time to time may
192 be assigned by the president or by the board of directors. It shall be the responsibility of
193 secretary to create, print, assemble, distribute, and mail, in a timely fashion, information
194 to directors, officers, committees, and supporters of the Association.

195

196 SECTION 6. CHIEF INFORMATION OFFICER: The Chief Information Officer (CIO)
197 shall lead the strategic and operational planning of the Association's information
198 technology (IT) efforts to achieve focus goals by fostering innovation and prioritizing IT
199 initiatives and coordinating the evaluation, deployment, and management of the
200 organization. The CIO will develop and maintain an appropriate IT organizational
201 structure that supports the needs of the business and the Association's mission statement.
202 The CIO will establish and update IT goals, objectives, and operating procedures and
203 identify opportunities for the appropriate and cost-effective investment of financial
204 resources in IT systems and resources, including staffing, sourcing, purchasing, and in-
205 house development. The CIO is responsible to assess and communicate risks associated
206 with IT investments; develop, track, and control the information technology annual
207 operating and capital budgets; develop business case justifications and cost/benefit
208 analyses for IT spending and initiatives; and for direct development and execution of an
209 enterprise-wide disaster recovery and business continuity plan.

210

211

212 **ARTICLE VI**

213

214 MEMBERS

215

216 SECTION 1. VOTING MEMBERSHIP: The only voting members of the corporation
217 are the board of directors.

218

219

220

221 **ARTICLE VII**

222

223 **MEETINGS**

224

225 SECTION 1. ANNUAL MEETING: An annual meeting of the board of directors shall
226 be fixed as the third Thursday of September, which may with appropriate notice be
227 changed from time to time by action of the board of directors. If such day be a legal
228 holiday, the meeting shall be held at the same hour on the next succeeding business day.
229 The meeting shall be for the purpose of electing directors and officers and for transaction
230 of such other business as may come before the meeting.

231

232 SECTION 2. REGULAR MEETINGS: A regular meeting of the board of directors shall
233 be held annually, by notice of the chairperson of the board. Other regular meetings may
234 be held with proper notice as required by these by-laws. The board of directors may
235 provide by resolution the time and place, for the holding of additional regular meetings of
236 the Board without other notice than such resolution.

237

238 SECTION 3. SPECIAL MEETING: Special meetings of the directors may be called
239 either by the president, the chairperson of the board of directors, or by not less than two
240 of the directors, upon proper notice.

241

242 SECTION 4. PLACE OF MEETING: The board of directors may designate any place as
243 the place of meeting for any annual meeting or for any special meeting called by the
244 board of directors. If no designation is made or if a special meeting be otherwise called,
245 the place of the meeting shall be the registered office of the corporation in the State of
246 New York.

247

248 SECTION 5. PROPER NOTICE OF MEETING: Written notice stating the place, date,
249 and hour of any meeting of directors shall be delivered to each member entitled to vote at
250 such meetings not less than ten or more than forty days before the date of such meeting.
251 In case of a special meeting or when required by statute or by these by-laws, the purpose
252 for which the meeting is called shall be stated on the notice. If mailed, the notice of a
253 meeting shall be deemed delivered when deposited in the United States mail, addressed to
254 the member at his/her address as it appears on the records of the corporation, with
255 postage thereon paid. The notice for the annual meeting must be posted thirty (30) days
256 prior to the meeting date. Notice of any special meeting of the board of directors may be
257 waived in writing, signed by the person or persons entitled to the notice either before or
258 after the time of the meeting. The attendance of a director at any meeting shall constitute
259 a waiver of notice of such meeting, except where a director attends a meeting for the
260 express purpose of objecting to the transaction of any business, because the meeting is
261 not lawfully called or convened.

262

263 SECTION 6. INFORMAL ACTION BY DIRECTORS: Any action required to be taken
264 at a meeting of the board of Directors of the corporation, may be taken without a meeting
265 if a unanimous consent in writing is agreed to by all the directors.

266

267 SECTION 7. QUORUM: A majority of the board of directors shall constitute a quorum
268 for the transaction of business at any regular meetings of the board. Telephonic
269 attendance is permitted. If less than a majority of the directors is present, they may
270 adjourn the meeting to another time with proper notice.

271
272 SECTION 8. MANNER OF ACTING: The act of a majority of the directors present at a
273 meeting at which a quorum is present shall be the act of the board of directors, unless the
274 act of a greater number is required by statute, these by-laws, or the articles of
275 incorporation.

276
277 SECTION 9. PROXIES: Proxies are not allowed, in keeping with New York law
278 governing not-for-profit corporations.

279

280 **ARTICLE VIII**

281

282 **CONTRACTS, CHECKS, DEPOSITS, AND FUNDS**

283 SECTION 1. CONTRACTS: The board of directors may authorize any officer or
284 officers, agent or agents of the corporation, in addition to the officers so authorized by
285 these by-laws, to enter into any contract or execute and deliver any instrument in the
286 name of and on behalf of the corporation, and such authority may be general or confined
287 to specific instances.

288

289 SECTION 2. CHECKS, DRAFTS, ETC.: All checks, drafts, or other orders in excess of
290 USD \$1000 for the payment of money, notes, or other evidence of indebtedness issued in
291 the name of the corporation shall be signed by any two of the following officers:
292 president, vice president, secretary, and treasurer. All checks, drafts, or other orders in
293 the amount of USD \$1000 or less may be signed by any one of the following officers:
294 president, vice president(s), secretary, and treasurer.

295

296 SECTION 3. DEPOSITS: All funds of the corporation shall be deposited promptly to
297 the credit of the corporation in such banks, trust companies, or other depositories as
298 selected by the treasurer, approved by the Finance and Audit Committee, and not
299 inconsistent with the direction of the board of directors.

300

301 SECTION 4. GIFTS: The board of directors may accept on behalf of the corporation
302 any contribution, gift, bequest, or device for the general purposes or for any special
303 purpose of the corporation or for the benefit and use of scholarship recipients.

304

305

306 **ARTICLE IX**

307

308 **BOOKS AND RECORDS**

309

310 SECTION 1: The corporation shall keep correct and complete books and records of
311 account and shall also keep minutes of the proceedings of its members, the board of
312 directors, and committees having any of the authority of the board of directors, and shall

313 keep at the registered or principal office a record giving the names and addresses of the
314 members entitled to vote. All books and records of the corporation may be inspected by
315 any member, or member's agent or attorney for any proper purpose at any reasonable
316 time.

317
318 SECTION 2: The corporation shall also keep a manual of operating practices, calendars,
319 and responsibilities for the committees, and other procedural information. This manual
320 will serve as the basis for the activities of the corporation. It may be amended by a
321 majority of directors attending a meeting for which proper notice of the change was
322 given.

323

324

325 **ARTICLE X**

326

327 **AMENDMENTS**

328 SECTION 1: The power to alter, amend, or repeal the by-laws or adopt new by-laws
329 shall be vested in the board of directors unless otherwise provided in the articles of
330 incorporation or the by-laws. Such action may be taken at a regular meeting or special
331 meeting by a two-thirds majority of all the directors, provided that 30 days prior written
332 notice of the proposed changes has been given to all directors. The by-laws may contain
333 any provisions for the regulation and management of the affairs of the corporation not
334 inconsistent with New York law or the articles of incorporation.

335

336

337 **ARTICLE XI**

338

339 **WAIVER OF NOTICE**

340

341 SECTION 1: Whenever any notice is required to be given under the provisions of the
342 General Not-For-Profit Corporation Law of the State of New York or under the
343 provisions of the articles of incorporation or the by-laws of the corporation, a waiver
344 thereof in writing signed by the person or persons entitled to such notice, whether before
345 or after the time stated therein, shall be deemed equivalent to the giving of such notice.

346

347

348 **ARTICLE XII**

349

350 **COMMITTEES**

351

352 SECTION 1. CORPORATE COMMITTEES: The board of directors, by resolution
353 adopted by a majority of the Directors in office, may designate one or more corporate
354 committees, each of which shall consist of two or more directors. These committees, to
355 the extent provided in said resolution and not restricted by law, shall have and exercise
356 the authority of the board of directors in the management of the corporation. The
357 designation of such committees and the delegation thereto of authority shall not operate
358 to relieve the board of directors or any individual director of any responsibility imposed

359 upon it or any individual director by law. The chairperson and members of each corporate
360 committee shall be appointed by the chairperson of the board of directors and serve at the
361 pleasure of the board of directors.

362

363 SECTION 2. OPERATING COMMITTEES: Operating committees may be designated
364 by a resolution adopted by a majority of the directors present at a meeting at which a
365 quorum is present. Except as otherwise provided in such resolution, the president of the
366 corporation shall appoint the chairpersons of operating committees in consultation with
367 the chairperson of the board of directors. All other members of operating committees
368 shall be appointed by the president in consultation with the chairperson of the committee
369 in question. Operating committees, to the extent provided in said resolution and not
370 restricted by law, shall also have and exercise the authority of the board of directors in
371 the management of the corporation. The designation of such committees and the
372 delegation thereto of authority shall not operate to relieve the board of directors or any
373 individual director of any responsibility imposed upon it or any individual director by
374 law. Members of operating committees serve at the pleasure of the president of the
375 corporation. Members of operating committees need not be directors of the corporation.

376

377 SECTION 3. TERM OF OFFICE: Each chairperson or member of any committee shall
378 continue to serve as such until the next annual meeting of the directors of the corporation,
379 unless the committee shall be sooner terminated, or unless such member resigns or is
380 removed from a corporate committee, by action of the chairperson of the board; or an
381 operating committee, by action of the President.

382

383 SECTION 4. VACANCIES: Vacancies in the membership of any committee may be
384 filled by appointments made in the same manner as provided in the case of original
385 appointment.

386

387 SECTION 5. QUORUM: Unless otherwise provided in the resolution of the board of
388 directors designating a committee, a majority of the whole committee shall constitute a
389 quorum, and the act of a majority of the members present at the meeting at which a
390 quorum is present shall be the act of the committee.

391

392 SECTION 6. MINUTES: Minutes of all committee meetings, with particular attention
393 to action items, should be forwarded to the corporate secretary as soon after the meeting
394 as is practicable.

395

396 SECTION 7. RULES: Each committee may adopt rules for its own governance not
397 inconsistent with these by-laws or with rules adopted by the board of directors. Any such
398 rules should be recorded in the minutes of the meeting and forwarded to the corporate
399 secretary.

400

401

402

403

404

405 **ARTICLE XIII**

406

407 **CORPORATE COMMITTEES**

408

409 SECTION 1. BY-LAWS COMMITTEE: The By-Laws Committee comprises two or
410 more directors appointed by the chairperson of the board of directors. The purpose of the
411 By-Laws Committee is to keep the board of directors, officers, and committee
412 chairpersons advised as to the guidelines and operational procedures set forth by the by-
413 laws; to make recommendations and proposals for amendments to the articles of
414 incorporation and by-laws for discussion and voting by the board of directors, and to
415 keep a full set of current by-laws available for all directors.

416

417 SECTION 2. STRATEGIC PLANNING COMMITTEE: The chairperson and members
418 of the Strategic Planning Committee shall be appointed by the chairperson of the board of
419 directors and shall include at least two directors of the corporation. The purpose of the
420 strategic planning committee is to produce and continually revise a strategic plan for the
421 advancement of the purpose of the corporation; to critique and evaluate the status and
422 direction of the corporation; and to report its findings and plans to the board of directors.
423 Additionally, this committee shall create and revise the case statement and fundraising
424 strategy to be used in the solicitation of individual, corporate, and foundation donations
425 to the corporation. It is expected to develop projects and programs that can provide direct
426 funding for the benefit of the corporation, in accordance with objectives established and
427 approved by the board of directors.

428

429 SECTION 3. NOMINATING COMMITTEE: The chairperson and members of the
430 Nominating Committee shall be appointed by the chairperson of the board of directors
431 and shall comprise three or more directors, one of whom must be an officer of the
432 corporation. The purpose of the nominating committee is to identify and nominate to the
433 board of directors persons qualified and able to serve as officers and directors of the
434 corporation. This committee shall meet annually to prepare a report for inclusion with
435 the notice of the annual meeting of those qualified and able to serve in the offices to be
436 elected at that annual meeting, and otherwise as circumstances require.

437

438

439 **ARTICLE XIV**

440

441 **OPERATING COMMITTEES**

442

443 SECTION 1. FINANCE AND AUDIT COMMITTEE: The Finance and Audit
444 Committee chairperson shall be appointed by the president of the corporation in
445 consultation with the chairperson of the board of directors. Other members of the
446 committee shall be appointed by the president in consultation with the chairperson of the
447 committee. All persons so appointed to this committee shall be approved by majority vote
448 of the board of directors. The purpose of this committee is to provide an oversight
449 function for the office of the treasurer, to review budgets for the corporation and its
450 committees, and to review and approve guidelines and objectives for the investment of

451 the funds of the corporation in a prudent and productive manner. Its purpose also includes
452 an expectation to advise and consult with the treasurer in establishing accounting
453 methods and reports to best control and explain the operations of the corporation to the
454 board of directors and to the public, and to ensure that the corporation and its books and
455 records are managed in an efficient and business-like fashion. It will also select and
456 recommend for board approval a CPA to perform the timely audits of the books and
457 records as required by appropriate laws.

458
459

460 **ARTICLE XV**

461

462 **CODE OF ETHICS FOR DIRECTORS AND OFFICERS OF THE ASSOCIATION**

463

- 464 1. Faithfully abide by the Articles of Incorporation, By-Laws, and Policies of the
465 Association.
- 466
- 467 2. Exercise reasonable care, good faith, and due diligence in organizational affairs.
468
- 469 3. Disclose information that may result in a perceived or actual conflict of interest.
470
- 471 4. Disclose information of fact that would have significance in Board decision-making.
472
- 473 5. Remain accountable for prudent fiscal management to the Board of Directors
474 and the nonprofit sector, and where applicable, to government and funding bodies.
475
- 476 6. Maintain professional level of courtesy, respect, and objectivity in all organizational
477 activities.
- 478
- 479 7. Strive to uphold those practices and assist other members of the Board in upholding
480 the highest standards of conduct.
- 481
- 482 8. Exercise the powers invested for the good of the Association rather than for his or her
483 personal benefit, or that of the nonprofit they represent.
- 484
- 485 9. Respect the confidentiality of sensitive information known due to Board service.
486
- 487 10. Respect the diversity of opinions as expressed or acted upon by the Board,
488 committees, and Association members and formally register dissent as appropriate.
489
- 490 11. Promote collaboration and cooperation among Society members.

491

492 In connection with this Code of Ethics, Statements of the AFRAS Policies and
493 Procedures will be attached to these by-laws as Exhibits A and B respectively. However,
494 Exhibits A and B are not to be considered part of these by-laws.

495

496

497 **ARTICLE XVI**

498

499 **DISSOLUTION**

500

501 In the event that the corporation shall cease to function for the purposes stated in these
502 by-laws and upon the affirmative vote of a majority of the then remaining directors, the
503 corporation shall be dissolved and any remaining funds and other assets donated to a
504 carefully selected voluntary maritime search and rescue organization. This article,
505 Article XVI, shall not be subject to amendment except by the affirmative vote of a two-
506 thirds majority of the board of directors.

507

508

509 **EXHIBIT A – Policies**

510

511 1. Conflict of Interest

512 In connection with any actual or possible conflict of interest, an interested Person,
513 defined as any Director, Officer, or Designated Person who may directly or indirectly
514 financially benefit from decisions he or she could make, must disclose the existence of
515 the financial interest and be given the opportunity to disclose all material facts to the
516 Board of Directors and members of pertinent committees with powers delegated by the
517 board of directors who are considering any proposed transaction or arrangement.

518

519 2. Whistleblower Protection

520

521 All Association members and volunteers have a mechanism for the confidential reporting
522 of inappropriate, fraudulent, or suspicious activity or actions which may tarnish the
523 organization’s good name and reputation. As such, any Association member who
524 becomes aware of any violation of federal, state, or local law or regulation, including any
525 financial wrongdoing, should immediately report the violation to the Chairman of the
526 Finance & Audit Committee to allow the organization to investigate and, if applicable,
527 correct the situation or condition. If the Chairman of the Finance & Audit Committee is
528 involved or is believed to be involved in the matter being reported then the matter should
529 be reported to the President and as a subsequent alternative, to the Chairman of the
530 Board.

531

532 3. Annual review of tax forms

533 Prior to filing with the Internal Revenue Service, the annual tax forms (Form 990 for Non
534 Profit) shall be reviewed by the members of the Board of Directors.

535

536 4. Record Retention

537 Established time periods for the retention of important corporate and committee
538 documents are stipulated below:

539

540 Corporate Records

541 Annual Reports

Permanent

542 Articles of Incorporation

Permanent

543	By-Laws	Permanent
544	Minutes – Board of Directors	Permanent
545	Qualification to do Business	Permanent
546	Reorganization Records	Permanent
547	Minutes – Committee	5 Years
548		
549	<u>Legal</u>	
550	Claims and Litigation Files	Permanent
551	Copyright, Trademark or Patents	Permanent
552		
553	<u>Insurance</u>	
554	Accident Reports	7 Years
555	Claims	7 Years
556	Policies	7 Years
557		
558	<u>Personnel</u>	
559	Employee earnings/Payroll records	7 Years
560	Employee Files	7 Years
561	Government Reports	7 Years
562	Pensions	Permanent
563		
564	<u>Real Estate</u>	
565	Leases	10 Years*
566	Purchases	20 Years*
567		
568	<u>Taxes</u>	
569	Income Tax returns and cancelled checks	
570	(Federal, State and local if applicable)	Permanent
571	Payroll tax returns	7 Years
572	Property Tax returns	Permanent
573	Sales and use tax returns	7 Years
574		
575	* signified retention period begins after final payment, settlement, expiration,	
576	termination, sale, etc.	
577		

578 **5. Expense Guidelines for Officers, Directors, Employees, Volunteers, and**
579 **Consultants**

- 580 1. Expense policies must meet basic IRS requirements:
- 581 a. Expenses must be bona fide, ordinary, and necessary expenses incurred or
- 582 reasonably expected to be incurred to further business.
- 583 i. An ordinary expense is one that is common and accepted in a field
- 584 of trade, business, or profession.
- 585 ii. A necessary expense is one that is helpful and appropriate for the
- 586 conduct of business.

- 587 b. Reimbursable or deductible expenses must be properly substantiated as to
588 amount, time, use, and business purpose. (See **RECEIPTS** section). The
589 IRS uses the business purpose to determine if reimbursement is taxable
590 income to the recipient.
591 c. To ensure that reimbursement or deductions are appropriate, it is the
592 Association's responsibility to determine whether expenses meet the
593 definition of ordinary and necessary business expenses.

594 **TRAVEL AND ENTERTAINMENT EXPENSES**

595 **AIRLINE TRAVEL**

596 Officers, directors, employees, volunteers, and consultants will be reimbursed (as pre-
597 approved by the President) or will be able to deduct for reasonable air travel purchased to
598 conduct the Association's business. Reimbursement or deduction for air travel is made at
599 coach-class airfare and priority should be given to obtaining discounted coach-class
600 airfare. Whenever possible, airline reservations should be made at least 14 days prior to
601 the travel dates.

602 The following additional rules apply to air travel:

- 603
- 604 1. First class air travel will only be reimbursable or deductible if there is
605 documented medical need.
 - 606 2. Memberships in airline flight clubs are not reimbursable or deductible.
 - 607 3. Cost of flight insurance is not reimbursable or deductible.
 - 608 4. When returning on a Sunday or departing on a Saturday in order to obtain a cost
609 savings in airfare due to the Saturday-night stay, travelers should provide a total
610 cost comparison (showing that the lower airfare plus an extra night lodging is less
611 costly than airfare without the Saturday night stay).
 - 612 5. Cost of upgrade certificates is not reimbursable or deductible.
 - 613 6. Cost of canceling and rebooking flights is not reimbursable or deductible, unless
614 it can be shown that it was necessary or required for legitimate business or
615 medical reasons (such as changed meeting dates, etc.).
 - 616 7. Travelers must identify and pay for all personal flights, even if such flights are
617 incorporated into a flight schedule that serves business purposes (i.e. the
618 Association will not reimburse for the personal legs of a trip).

619 **HOTEL**

620 A hotel or motel statement is required with the expense report for all overnight stays.
621 Association officers, directors, employees, volunteers, and consultants may be
622 reimbursed (with pre-approval by the President) or may deduct for the cost of reasonable
623 lodging expense (single occupancy rooms, not a suite). For Board meetings, reasonable
624 lodging expense is the cost of other officers' and directors' rooms.

625 **USE OF PERSONAL AUTOS**

626 When a personal car represents the most practical means of travel, officers, directors,
627 employees, consultants, volunteers, and employees may receive reimbursement (with pre-
628 approval by the President) or may deduct based on current IRS standard mileage rate to
629 cover the cost of gas, repairs, and maintenance. The reimbursement or deduction rate will
630 be the published IRS rate.

631 SURFACE TRANSPORTATION

632 Taxi or limousine fares incurred traveling to and from airports, and taxi and bus fares
633 incurred traveling locally between business related functions are reimbursable (with pre-
634 approval by the President) or deductible at actual cost. Automobile rental will be
635 reimbursed or deductible if limousine or taxi services are unavailable, or if fares would
636 exceed rental charges. When renting in the United States, all applicable insurance should
637 be waived if you carry automobile insurance elsewhere. Parking and toll charges are
638 reimbursable or deductible at actual cost when traveling by personal or rental automobile.

639 INDIVIDUAL MEALS

640 Individual meals are defined as meal expenses for the individual while out-of-town on
641 Association business. Travelers may be reimbursed or may deduct for authorized and
642 reasonable meal expenses with appropriate documentation.

643 The cost of all meals, including normal tips, incurred by a director, officer, employee,
644 volunteer, or consultant that meet these definitions will be reimbursable (with pre-
645 approval by the President) or deductible. Each individual, when practical, should report
646 only his/her own meal expenses. If an individual's meals are included with another
647 individual, the cost should be reported on the senior individual's expense report. All
648 meals of \$25 or more require a cash register or credit card receipt. Tear tabs will not be
649 accepted as adequate documentation for meals.

650 Meal costs should be as reasonable as possible for the occasion and locale and should
651 comply with current GSA guidelines. The amounts are for a specific meal, not for a full
652 day; and only the actual cost of the guideline amount will be reimbursed or deductible,
653 whichever is lower.

654 When exceptions to these guidelines are necessary, the President's and Treasurer's
655 approval may be required for reimbursement or deductions.

656 TELEPHONE

657 Telephone charges relating to official Association business are reimbursable or
658 deductible.

659 ENTERTAINMENT

660 Personal entertainment expenses are not reimbursable or deductible.

661 POSTAGE

662 Postage charges relating to official Association business are reimbursable or deductible.

663 MISCELLANEOUS

664 Miscellaneous travel expenses should be itemized for reimbursement or deductions.

665 RECEIPTS

666 The following documents are to be attached to reimbursement requests (Expense Report)
667 or deduction notifications (In Kind Donations Report), as appropriate:

668

669 - Transportation ticket stub.

670 - Paid bill for lodging.

671 - Car rental invoice.

672 - Receipts for parking and toll charges.

673 - Receipts for expenses of \$25 or more, showing amount, date, place and purpose.

674

675 EXPENSE REPORT or IN KIND DONATION REPORT

676

677 At the conclusion of a business trip, a director, officer, employee, volunteer, or consultant
678 that has incurred business-related expenses should complete an Expense Report (for
679 reimbursement) or an In Kind Donations Report (for tax deduction purposes) in
680 accordance with the following policies:

681

682 1. Identify each business expense separately (i.e. do not group all expenses for one
683 trip together)

684 2. With the exception of tips and reimbursed mileage, all business expenses of \$25
685 or more must be supported with invoices/receipts.

686 3. For all lodging and any expenditure other than meals, vendor receipts/invoices
687 must be submitted. Credit card charge slips do not represent adequate supporting
688 documentation.

689 4. For airfare, airline-issued receipts should be obtained. If a traveler fails to obtain a
690 receipt, other evidence must be submitted indicating that a trip was taken and the
691 amount paid (for example, a combination of an itinerary, a credit card receipt, and
692 boarding passes).

693 5. Mileage may be reimbursed or deducted at the standard federal rate in effect, as
694 published annually by the IRS.

695 6. The business purpose of each trip must be adequately explained on each report.

696 7. Programs or cost centers must be identified for all expenditures.

697 8. For all meals and business entertainment with another person, the following must
698 be identified:

699 a. Names, titles and business relationships of all persons entertained

700 b. The business purpose of the entertainment (topics discussed, etc.)

- 701 9. All Expense reports and In Kind Donation reports must be signed and dated by
- 702 the traveler.
- 703 10. All Expense reports must be approved by the Treasurer or the President.
- 704 11. Only one Expense report or In Kind Donation form should be prepared for each
- 705 trip.

706
 707 A director, officer, employee, volunteer, or consultant will not be reimbursed for Expense
 708 Reports nor deduct for In Kind Donation Reports not meeting the preceding criteria. If
 709 the Expense Report results in a balance due to the Society the director, officer, employee,
 710 volunteer, or consultant must attach a check.

711
 712

713 **EXHIBIT B – Procedures**

714

715 1. Conflict of Interest

716

717 Distribute a copy of the above policy and have each Interested Party associated with the
 718 Association sign the Annual Conflict of Interest Statement as outlined below:

719

720 I, _____, affirm that I have:

721

- 722 1) Read a copy of the Conflict of Interest Policy,
- 723 2) Read and understand the policy,
- 724 3) Agree to comply with the policy,
- 725 4) Understand the organization is charitable and in order to maintain its federal tax
- 726 exemption it must engage primarily in activities which accomplish one or more of
- 727 its tax-exempt purposes,
- 728 5) Have not entered into any direct or indirect financial arrangement with the
- 729 organization and if such an arrangement exists please identify below.

730

731

732

733

734 _____
Signature Title Date

735

736

737

738

739 After disclosure of the financial interest and all material facts, and after any discussions
 740 with or presentations by the interested person, he/she shall leave the committee or board
 741 of directors meeting while the determination of a conflict of interest is discussed and
 742 voted upon. The remaining directors or committee members shall decide if a conflict of
 743 interest exists.

744

745 The chairperson of the committee or board of directors shall, if appropriate, appoint a
746 disinterested person or committee to investigate alternatives to the proposed transaction
747 or arrangement.

748
749 After exercising due diligence, the committee or board of directors shall determine
750 whether the Association can obtain with reasonable efforts a more advantageous
751 transaction or arrangement from a person or entity that would not give rise to a conflict of
752 interest. If a more advantageous transaction or arrangement is not reasonably possible
753 under circumstances not producing a conflict of interest, the committee or board of
754 directors shall determine by a majority vote of the disinterested committee members or
755 directors whether the transaction or arrangement is in the Association's best interest, for
756 its own benefit, and whether it is fair and reasonable. In conformity with the above
757 determination, it shall make its decision as to whether or not to enter into the transaction
758 or arrangement.

759 If the committee or board of directors has reasonable cause to believe an interested
760 person has failed to disclose actual or possible conflicts of interest, it shall inform the
761 committee member or director of the basis for such belief and afford the person an
762 opportunity to explain the alleged failure to disclose.

763
764 If after hearing the person's response and after making further investigation as warranted
765 by the circumstances, the committee or board of directors determines the person has
766 failed to disclose an actual or possible conflict of interest, it shall take appropriate
767 disciplinary and corrective action.

768 769 2. Whistleblower Protection

770
771 The Association's Code of Ethics and Conduct ("Code") requires directors, officers, and
772 Society members to observe high standards of business and personal ethics in the conduct
773 of their duties and responsibilities. As representatives of the Association, we must
774 practice honesty and integrity in fulfilling our responsibilities and comply with all
775 applicable laws and regulations.

776
777 It is the responsibility of all directors, officers, and society members to comply with the
778 Code and to report violations or suspected violations in accordance with our
779 Whistleblower Policy. No director, officer or Association supporter who in good faith
780 reports a violation of the Code shall suffer harassment, retaliation or adverse
781 consequences. Any retaliation against someone who has reported a violation in good
782 faith is subject to discipline up to and including forfeiture of their Association position.
783 This Whistleblower policy is intended to encourage and enable persons to raise serious
784 concerns within the Association prior to seeking resolution outside the Association.

785
786 The code addresses the Association's open door policy and suggests volunteers share
787 their questions, concerns, suggestions or complaint with someone who can address them
788 properly. In most cases, the committee chair is in the best position to address any area of
789 concern. However, if one is uncomfortable or one is unsatisfied with the committee
790 chair's response then it is encouraged to speak to an Association officer. Committee

791 chairs and officers are required to report suspected violations to the Chairman of the
792 Finance & Audit Committee, who has specific and exclusive responsibility to investigate
793 all reported violations.

794

795 The Chairman of the Finance & Audit Committee is responsible for investigation and
796 resolving all reported complaints and allegations concerning violations of the Code and,
797 at his discretion, shall advise the President and/or the Chairman of the Board of Directors.
798 The Chairman of the Finance & Audit Committee is required to report at least annually
799 on compliance activity.

800

801 Anyone filing a complaint concerning a violation or suspected violation of the Code must
802 be acting in good faith and have a reasonable grounds for believing the information
803 disclosed indicates a violation of the Code. Any allegations that prove not to be
804 substantiated and which prove to have been made maliciously or knowingly to be false
805 will be viewed as a serious disciplinary offense.

806

807 Violations or suspected violations may be submitted on a confidential basis by the
808 complainant or may be submitted anonymously. Reports of violations or suspected
809 violations will be kept confidential to the extent possible, consistent with the need to
810 conduct an adequate investigation. The Chairman of the Finance & Audit Committee
811 will notify the sender and acknowledge receipt of the reported violation or suspected
812 violation within 5 business days. All reports will be promptly investigated and
813 appropriate corrective action will be taken if warranted.

814

815 3. Annual review of tax forms

816

817 Prior to the filing of the annual fiscal year end tax forms (IRS 990 Form) the Society
818 Treasurer shall have the forms reviewed by the Finance and Audit Committee. Any
819 proposed modifications should be immediately reported to the Treasurer for discussion.

820

821 4. Record Retention

822

823 Records should be retained either in hardcopy or electronically at the Society office for
824 the period stated in the above retention policy. Upon exceeding the retention period,
825 documents may be destroyed.