

**Sertoma, Inc.**  
**Policy Statements**  
(Revised January 2015)

**ARTICLE I MEMBERSHIP**

**A. Code of Conduct**

It is the intent of Sertoma that membership in Sertoma shall satisfy the members' desire for self-improvement while furthering their opportunity for community service in a framework of high ethical standards. It is the intent of Sertoma that members shall subscribe to the Sertoma Code of Conduct.

1. Should any member of Sertoma or entity of Sertoma believe that an entity or member, Officer, Director, or District Governor has violated this provision the Executive Director should be notified in writing. The Executive Director will conduct a preliminary investigation and notify the Executive Committee to determine what action is to be taken, including revocation of membership.

**B. Individual Members**

1. General Requirements. Anyone may become a member of Sertoma provided they meet the requirements set forth in Policy and Procedure Statements.
2. Life Member Requirements.
  - a. Must be an individual member of a Sertoma Club in good standing for four (4) years before making application for Life Membership in Sertoma.
  - b. Must sponsor two (2) new members into Sertoma.
  - c. Must be an active member in the club and serve or have served as a club committee chair, director or officer.
  - d. Must maintain membership in a Sertoma Club in good standing to retain active Life Membership status.
  - e. Application and Fee Process.
    - i. Application for Life Membership is submitted to the Executive Director to be approved by the Board of Directors of Sertoma.
    - ii. The Board of Directors shall have full and sole power to revoke a Life Membership.
    - iii. The fee for Life Membership shall be \$1,000.
  - f. The Life Member may make payment in full or elect a payment schedule of:
    - i. \$200 minimum initial payment in year of application.
    - ii. \$200 annual minimum payment during the next four years.
    - iii. The applicant will continue to pay Sertoma dues until the full payment of the Life Member fee has been satisfied.
3. Privilege of Life Membership.
  - a. Every person to whom such a certificate has been issued shall be free from obligations to pay either dues to Sertoma or subscriptions to the magazine, either directly or through any Sertoma Club, and the latter shall be free from obligations to collect and remit dues or magazine subscription fees for such person to Sertoma, notwithstanding any provisions of the Bylaws and Policy Statements to the contrary.

- b. A Life Member belonging to two or more clubs is required to pay Sertoma dues for all clubs subsequent to the club of record or purchase another Life Membership for each additional club joined in order to forego payment of Sertoma dues in the subsequent clubs.
- c. Retain Active Life Membership Status. A Life Member must be a member of a Sertoma Club in good standing to retain Active Life Member status.
- d. Revocation. The Board of Directors of Sertoma shall have full and sole power to revoke a Life Membership, setting forth the charges and giving the Life Member an opportunity to appeal to the Board of Directors.
- e. Nontransferable. Certificates of Life Membership and rights and privileges appertaining are nontransferable to any other individual.

### C. Club Members

#### 1. General Requirements

- a. The club shall have been organized by a Sertoma Club or by an authorized representative of Sertoma.
- b. The club shall have accepted and agreed to be bound in all things, not contrary to law, by the Charter Agreement and Bylaws of Sertoma, and amendments which may be made thereto, and shall have promised to faithfully observe the provisions thereof.
- c. Club officers and directors shall have been elected and their names reported to Sertoma Headquarters.
- d. Each club shall select a name that shall include the word "Sertoma." Such name shall be selected by the club and approved by the Executive Director. Such club shall not use any other name. In the event any club shall vote to change its name, it shall submit such change in writing to the Executive Director and he/she shall have the authority to grant such change of name, which shall become effective immediately upon his/her notification to the club concerned.
- e. Amendments to the Constitution or Bylaws of a Sertoma Club shall become effective only upon approval by the Executive Director of Sertoma.
- f. Charter Date – USA and Canada:  
The charter date for a new club shall be the date of the Charter Banquet.
- g. Chartering Officer – USA and Canada:  
Officers, Directors or District Governors will be the official chartering Officer at all Charter Banquets. Whenever the National President is not in attendance at a Charter Banquet, a congratulatory message will be sent to the new club in the President's name by the Executive Director.
- h. Charter Membership – USA and Canada:
  - i. The privilege of becoming a Charter Member in a new club will cease on the charter date.
  - ii. Charter Membership rosters must be postmarked to Sertoma headquarters not later than ten (10) days following the official charter date of the new club.

2. Charter Requirements – USA and Canada (*for charters issued prior to October 1, 2007*)

A charter may be issued by the Executive Director of Sertoma, under the authority delegated by the Board of Directors, when the prospective club shall have fully complied with the following requirements:

- a. Pay an affiliation fee of US \$375 to Sertoma.
- b. Have not less than twenty-five (25) Charter Members. Charter Members who are Sertomans transferring from another Sertoma Club shall be treated as any other Charter Member, paying the same dues and fees. No more than three (3) of the required initial twenty-five (25) Charter Members may hold dual membership in a current Sertoma Club.
- c. Meet on a regular basis for regular club meetings as set by the club board of directors
- d. Charge an application fee of not less than US \$20.
- e. Adopt the standard club Constitution and Bylaws, as approved by the Executive Director.
- f. Elect officers and directors.
- g. Complete a Permanent Organization Meeting (P.O.M.).

3. Charter Requirements – USA and Canada (*for charters issued to clubs with build commitment date after to October 1, 2007*)

- a. Will have met all the standards to earn and/or hold a charter, and have signed and the Charter Agreement.
- b. Pay an affiliation fee of US \$700 to Sertoma.
- c. Charge an application fee of not less than US \$20.
- d. Standards to Earn and Hold a Sertoma Club Charter

Standard	To Earn A Charter	To Hold A Charter
Financial (Membership)	20 members	20 members min., or equivalent <sup>(1)</sup>
Mission Activity	Complete at least one approved Hearing Health Program Activity and host /participate in one approved fundraiser <sup>(2)</sup>	Complete at least two of the three Hearing Health Program Activities, and support the Annual Fund(club)
Volunteer Development	Club members complete club development training <sup>(3)</sup> Appoint a Club Liaison	Send at least one member annually to Training <sup>(4)</sup>

(1) Equivalent is defined as a gift in the amount of individual membership for difference between 20 and number of actual members less than 20, based on July 1 membership.  
 (2) Hearing Health Programs/Activities: sponsor an Affiliate, provide **SAFE**Ears!, support a scholarship, A *Sound Investment*; Fundraiser: CELEBRATE SOUND event  
 (3) As defined in the Club Building manual  
 (4) Attendance at annual meeting and training convention

4. Clubs Not in Good Standing

- a. Any club that fails to pay a debt to Sertoma or its Divisions within 60 days of the date of invoice shall be considered Not in Good Standing.
- b. Any club that fails to file a required report to Sertoma or the IRS within 60 days of its due date shall be considered Not in Good Standing

- c. Any club that violates the Charter Agreement shall be considered Not in Good Standing
  - d. Any club that remains Not in Good Standing for four (4) or more quarters due to failure to pay obligations to Sertoma or is Not In Good Standing for two (2) or more quarters delinquent in required reports to Sertoma or the IRS shall be considered in Breach of Charter.
  - e. Clubs not in Good Standing that are deemed in Breach of Charter will trigger the review process as defined in the Policy and Procedure Statements.
  - f. The Director of Finance/Administration is authorized to make club financial adjustments up to \$100.
  - g. Sertoma Clubs sponsoring Serteen/Collegiate Clubs will provide Sertoma, Inc. with a current Liaison (club member) who will monitor the activities of the Serteen/Collegiate Club. This will include, but is not limited to, periodically attending Serteen/Collegiate meetings, providing the sponsoring Club with reports on the activities of the Serteen/Collegiate Club and ensuring that the Bi-Annual reports are submitted to Sertoma, Inc. by October 10<sup>th</sup> and February 10<sup>th</sup> of each year.  
 The Bi-Annual reports are required for liability insurance and are past due 30 days after the due date (November 10<sup>th</sup> and March 10<sup>th</sup>). At that time, the sponsoring club will be notified about the report being past due and reports must be submitted in the next 30 days or by December 10<sup>th</sup> and April 10<sup>th</sup>. After 60 days of a report not being submitted, the sponsoring club will receive notice that they have been placed on the Not In Good Standing List and will remain there until reports are submitted.  
 During this time, Serteen/Collegiate Clubs will not be allowed to have any activities outside of meetings as they would not be covered by insurance. If the Serteen club fails to submit reports within a year after being notified, the Serteen Club will be disbanded and the sponsoring club will come off the Not in Good Standing list.
5. Breach of Charter
- Failure to comply with the terms of the Charter Agreement or comply with the standard and practices of the Governing documents constitutes a breach of the membership agreement. Should a party to the Charter Agreement believe that there has been a breach; the following procedures shall be taken:
- a. Informal Review
    - i. A review of the alleged breach between the Executive Director and/or President of Sertoma with the President or his/her representative of the Sertoma Club. This may be conducted by phone, conference call, mail, email or other electronic means. The purpose of the Informal review shall be to arrive at a mutually agreeable resolution of the perceived breach.
    - ii. If a mutually agreeable resolution is made, it shall be memorialized in a written memorandum of understanding signed by the parties and it shall be considered a final resolution of the matter. If a mutually agreeable resolution is not made, either party may request a Formal Review.

- b. Formal Review
  - i. A Formal Review is a meeting between the Executive Officers of Sertoma or their designee(s) and the Executive Officers of the Sertoma Club or its designee(s). The party that has alleged a breach of charter will provide a written statement of the nature of the breach with supporting documentation to the other party no more than twenty (20) days following the request for Formal Review.
  - ii. The party who is alleged to be in breach of charter shall have fifteen (15) days from the receipt of the statement of the nature of the breach to provide a written statement of response.
  - iii. Either party may request a more definite statement of the nature of the breach or response and may request that further documents or information be produced. A response to such request shall be provided within ten (10) days of the request.
  - iv. The Formal Review shall be conducted at a date and time mutually agreeable to the parties, but in any event no later than forty-five (45) days following the statement of response. The Formal Review may be conducted at Sertoma Headquarters or at any other mutually agreeable location or may be conducted by telephone, conference call, mail, email or other electronic means.
  - v. The purpose of the Formal Review shall be to arrive at a mutually agreeable resolution of the alleged breach. If a mutually agreeable resolution is made, it shall be memorialized in a written memorandum of understanding signed by the parties and it shall be considered a final resolution of the matter. If a mutually agreeable resolution is not made, a Termination Review shall be conducted.
- c. Termination Review
  - i. A Termination Review is the final action to resolve the alleged breach of charter or recommend the termination of the charter agreement between the parties. The Termination Review shall be conducted by a panel of five Sertoma members appointed by the President of Sertoma. The panel shall have the full authority to either recommend a resolution of the alleged breach that does not result in termination of the charter agreement or, alternatively, recommend the termination of the charter agreement between the parties. The members of the panel shall not be members of the Sertoma Board or members of any Sertoma Club that is in the same region of the Sertoma Club that is a party to the Termination Review.
  - ii. The Termination Review shall be conducted at Sertoma Headquarters or such other location upon which the parties may agree. The date and time of the Termination Review shall be set by the panel appointed by the President and shall be conducted no later than thirty (30) days following the appointment of the panel by the President. Parties shall be given at least ten (10) days advance notice of the date and time of the Termination Review. Parties may appear in person or by telephone, conference call, mail, email or other electronic means.

- iii. At the conclusion of the Termination Review, the panel shall make its formal recommendation to the Sertoma Board, by communicating the recommendation to the President of Sertoma.
- iv. Upon the receipt of the recommendation of the panel, the authority of the panel shall cease. The President shall forthwith communicate the panel's recommendation to the Sertoma Board. Within fifteen days of the communication of the panel's recommendation to the Board, the President shall convene a special meeting of the Board to act upon the said recommendation. The Board shall either adopt the recommendation of the panel or take such other action it deems appropriate. Such action by the Board shall be final and there shall be no further review or appeal, nor shall either party have the authority to file any action in any court concerning the matter.

d. Termination

In the event of termination of the Charter Agreement, Sertoma shall have the immediate right to take possession of all Sertoma Club charitable funds and Sertoma Properties. All funds shall be used in a manner that is consistent with the wishes of the donors of said fund and the mission of Sertoma. The former Sertoma Club shall cease use of all Sertoma Properties and shall have no further right to the use or benefit of the Sertoma name or insignia.

6. Resignation of Charter.

Any Sertoma Club may resign from Sertoma provided:

- a. All indebtedness of such club to Sertoma, its approved division of which it is a member, shall have been paid, and
- b. The corporation shall have been duly dissolved, upon resolution of resignation adopted and approved by vote of the active membership of such club, which resolution shall be certified by the club Secretary to Sertoma. Such resignation shall become effective when and recorded at Sertoma Headquarters.
- c. By resignation the club surrenders all rights to use the name, emblem, and other insignia of Sertoma, will return all such materials and must transfer any funds remaining in its operating and/or Sponsorship account as required by State law. Upon written application of a club, the Board of Directors of Sertoma may reinstate the club to membership in Sertoma under the current requirements of club membership.

D. Non-Voting Member Classifications

1. Honorary Membership.

The Sertoma Board of Directors may designate any person as an Honorary Member of Sertoma for outstanding service or contributions rendered to Sertoma by such person. Honorary members shall be presented with a plaque and a subscription to the *Sertoman* magazine. This is not, and does not, impact honorary membership in any club.

a. Club Honorary Membership

A Sertoma Club in good standing may elect to Honorary Membership anyone who the club feels is just and deserving of such honor. An Honorary Member

shall pay neither admission fee nor annual dues to the club, and shall not be entitled to the privileges of membership.

2. Corporate Membership.  
hold this space for addition of a national corporate membership when defined

## **ARTICLE II DUES AND FEES**

### **A. Membership Dues**

1. Individual Members
  - a. As authorized and determined by the Sertoma Bylaws, Sertoma Clubs shall collect and pay the dues of the individual Sertoma members to Sertoma Headquarters each quarter. Dues are paid in advance for each quarter, based on the club membership on file at Sertoma Headquarters as of noon central time of the last business day of the previous quarter.
2. Club Members
  - a. Sertoma Clubs will pay dues annually as authorized and determined by the Sertoma Bylaws. Dues are paid in advance for the year as billed the first quarter of each fiscal year.

### **B. Divisions Fees.**

1. As authorized by the Sertoma Bylaws, the members of a division may, within the requirements and limitations adopted by the Board of Sertoma, establish fees to meet the needs of the division and members. Fees are paid in advance for each quarter to the division Treasurer, based on the club membership on file at Sertoma Headquarters as of noon central time of the last business day of the previous quarter.

### **C. Newly Chartered Clubs**

1. Clubs will be billed and liable for club dues as of the first day of the quarter following their charter date.

### **D. Assessments and Fees**

1. Assessments.
  - a. No financial obligations other than dues and fees as provided in the Sertoma Bylaws shall be placed upon the clubs. No assessment shall be requested from any club.
2. Processing Fees.
  - a. Each Sertoma Club shall pay to Sertoma a processing fee for new members in an amount set by the Sertoma Board of Directors.
  - b. This fee shall not apply to transfer members or former members who are added to the club roster of membership as maintained by Sertoma within ninety (90) days after the member is dropped.
  - c. The processing fee shall not be paid for Life Members who become reinstated active members of a Sertoma Club nor shall such fee be payable by clubs situated in countries other than the United States of America authorized by the Board of Directors to pay an annual fee in lieu of per capita dues.

## **ARTICLE III GOVERNANCE**

### **A. Conflict of Interest**

Sertoma staff, elected officers, Directors, and/or appointees are to avoid any conflict of interest or even the appearance of such conflicts.

In order to inspire confidence and insure the highest integrity of Sertoma performance of fiduciary responsibility, none of the funds of Sertoma should inure at any time to the personal benefit of any Director, elected officer or staff of Sertoma.

In all instances, where Sertoma business or policy decisions could result in direct financial or material benefit to a Board or staff member, the decision or policy in question must be explicitly reviewed by the Board. Persons with disclosed conflict must be absent and non-voting during these specific business or policy decisions.

Intentional failure to disclose conflict of interest situations may be considered by the Board as just cause for removal in accordance with established policy.

Nothing in this statement shall be interpreted as to prohibit Board members, elected officers and staff from giving professional advice on business or policy decisions; nor should this prohibit proper reimbursement for costs related to members participation such as hotel and travel expenses approved in accordance with Sertoma policy.

All currently seated Board Members, appointees, and/or individuals seeking office on the Sertoma Board, are required to read and pledge to uphold the Conflict of Interest Policy.

### **B. Interim Board of Directors**

1. Defined. To accommodate the transition resulting from the merger of Sertoma International and the Sertoma Foundation, the following will be the approved Board structure and process. The decision on which and when positions are affected, will be determined by the Board.
2. 2008-2009 Fiscal Year:
  - a. The Members will vote for two 3-year term regionally elected Directors.
  - b. The Board will appoint 3 at-large Directors from the Foundation Trustees, one for a 1 year, 1 for 2 year, and 1 for a 3 year term.
  - c. The Board of Trustee will be dissolved, and the new foundation program committee will be established—leadership to be determined by President, and approved by Board.
  - d. No changes will be made to current officer structure.
3. 2009-2010 Fiscal Year:
  - a. The Members will vote for three 3-year term regionally elected Directors.
  - b. The Members will vote for one 3-year at-large elected Director.
  - c. The Members will vote for a Senior and Junior Vice-President.
  - d. The Board will appoint the Treasurer.
  - e. The Board will extend the expiring 2-year term of one director for one year



- f. The Chairman position will be terminated at the end of this year.
- g. At that time the transition will be complete and the board will be structured and operate as defined in these Bylaws.

C. Board of Directors

1. Responsibilities.

- a. The Board of Directors shall define the policies and shall have full administrative authority in all matters relating to Sertoma and shall exercise general control and supervision over all officers, division and committees of Sertoma except as otherwise specifically provided in the Sertoma Bylaws.
- b. In fulfilling these responsibilities, the Board members are bound by Sertoma's Bylaws, Policy, Procedures, and Board Contract.
- c. Major policy changes adopted by the Board of Directors shall be published in the official publication promptly following such adoption.

2. Meetings.

- a. The Board of Directors shall meet at such places and times, not less than twice annually, as may be determined by action of the Board or at the call of the President, or at the written request of four (4) members of the Board. Written notice shall be sent by the Executive Director to each member of the Board at least twenty (20) days prior to the time of the meeting giving the time and place of such meeting.
- b. Meetings by Telephone.
  - i. Meetings of the Board of Directors may be held by means of telephone or similar equipment by means of which all Directors participating in the meeting can hear each other.
  - ii. Participating in a meeting by telephone or similar communications equipment shall constitute presence in person at the meeting, except where a Director participates in a meeting for the sole purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully convened or called.
- c. Quorum.

A majority of the total membership of the Board of Directors shall constitute a quorum for the transaction of business, except in cases where a larger vote is required by provisions of these Bylaws.
- d. Voting by E-Mail/Mail/Fax/Phone.

The Board of Directors may, between its meetings, transact business by correspondence by voting upon propositions e-mailed/mailed/faxed/phoned to Board Members by the Executive Director with the approval of the President.

3. Officers and Directors Duties and Responsibilities.

a. President.

The President shall preside at all meetings of the Board and at the Annual Convention. The President shall exercise general supervision over the work and activities of Sertoma and shall perform such other duties as ordinarily pertain to the office except those which may be delegated to others by the Board of Directors.

- b. President-Elect.  
The President-Elect shall perform duties as are assigned by the President and by the Board of Directors. The President-Elect shall preside, in the absence of the President, at any and all meetings where the President would normally preside. In the event of inability of the President to perform some or all of his/her duties, the President-Elect shall perform such duties and have, in connection therewith, the authority of the President. The President-Elect, upon retiring as such at the end of a fiscal year, shall automatically become President.
- c. Vice Presidents.
  - i. The two Vice Presidents (senior and junior) shall perform such duties as usually pertain to the office or may be assigned by the President or the Board of Directors. In the event of inability of the President-Elect to perform some or all of said duties, the Board of Directors may assign the Vice President to perform such duties and to have, in connection therewith, the authority of the President-Elect.
  - ii. The Senior Vice President, upon retiring as such at the end of a fiscal year, shall automatically become President-Elect.
  - iii. The Junior Vice President, upon retiring as such at the end of a fiscal year, shall automatically become Senior Vice President.
- d. Treasurer.  
The Treasurer shall perform such duties as ordinarily pertain to the office or may be prescribed by the Board of Directors, or as provided for herein, and shall give bond, the premium to be paid by Sertoma, in such amount and upon such conditions as from time to time may be required by the Board of Directors.
- e. Director.  
The Directors serve as the at-large representatives of the Sertoma members in setting policy and strategic direction for the organization and shall perform all duties related to the policy and fiduciary responsibilities of a not-for-profit board and other duties as assigned by the President and/or Executive Committee.
- f. Secretary of the Board/Executive Director.  
The Board of Directors shall appoint the Executive Director. The Board of Directors shall have the right to change the title of Executive Director and shall have the power to remove any of its appointees. The duties of the Executive Director include the following as well as those defined in the employment contract:
  - i. Shall be Secretary of the Corporation, have custody of and affix the corporate seal of the organization when required, shall sign all documents issued by Sertoma.
  - ii. Shall be the Executive in charge of Sertoma Headquarters and its several departments, and be responsible for the selection and supervision of the staff, subject to terms of the employment contract and policies as defined by the Board of Directors.

- iii. Shall give bond for the faithful discharge of his/her duties in a sum with such sureties as are required by the Board of Directors; the premium for same shall be paid by Sertoma.
  - iv. When any member(s) of the Sertoma Board insist on action that is in conflict with the Sertoma Constitution, Bylaws, Policy Statements or Sertoma Board action, the Executive Director shall not comply and shall immediately notify the Executive Committee.
- g) Discipline of Board Members for Failure to Fulfill Duties and Responsibilities
- i. Disciplinary actions will be the responsibility of the Executive Committee and/or the Governance Committee, as determined by the President. If actions of the President are in question, the President-Elect shall assume the responsibility for the process.
  - ii. A VERBAL WARNING will be given to any Board member for their first violation of their Board Contract requirements or Board Policy. The President or an appointed member of the Governance Committee will administer the warning if the President is unavailable. The warning will provide the offender details of the actions in question and why they were inappropriate. It shall also be made clear that repeated or further offenses will lead to additional consequences as listed below. The disciplinarian will provide a written summary to include the time and date of the verbal warning, the Board member, and what predicated the warning. This will be filed with the Board Secretary for a period of time that covers the remainder of individual's service on the Board, at the end of Board service it shall be destroyed.
  - iii. A second or repeat offense will lead to a LETTER OF CENSURE. As with the Verbal Warning, the Letter will provide details of the actions in question, and why it was inappropriate. The Letter will make clear a third offense will result in Suspension or Removal from the Board. The letter will be delivered by registered mail with return receipt requested. The Letter will be noted in a Report of the Executive Committee to the Board, and be reflected in the Minutes as part of the permanent record.
  - iv. Starting with a third offense, the member will face SUSPENSION and/or REMOVAL from the Board. This process will be managed as defined in Sertoma Policy, Article III, Section C, Subsection 5.a. Suspension will be for a period of 3 to 6 months, to include one Regular Board meeting. A Board member under Suspension will have no authority of the office.
4. Election of Board.
- a. Officers.
    - i. Junior Vice President shall be elected at the Annual Meeting or through a special election if the need for such an election is determined by the Board with election procedures and results to be certified by the Executive Director.
      - Junior Vice President shall be elected for a term of one year.
    - ii. The current President-Elect, and Vice President will ascend to the next office for a one-year term. Officers shall be installed at such time as

determined by the Board of Directors and shall assume the authority of that office upon installation.

- Each Officer shall serve until his or her successor shall have been elected and assumed authority of that office.
- iii. Treasurer shall be appointed by the Board for a term of two years, with the ability to be reappointed for one successive term.
- The appointee must be a member of Sertoma in good standing and have demonstrated experience and skills related to reading and understanding financial statements, investment reports and related information.
  - Following the summer Board meeting in the year before the Treasurer's term expires, notification will be made in an official Sertoma publication sent to all members soliciting candidates for the position. Candidates must submit a letter of application and resume to the Executive Director by November 30 of that year. The Executive Committee will review applications and, at the first Board meeting of the new calendar year, make a recommendation for Board vote. The Board will vote on the recommendation at that meeting if possible. If not possible, a vote by other method (i.e., electronic, telephone) will take place within 30 days.
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- b. Director.
- i. Regionally elected.  
One Director shall be elected from each Region. Elections shall be held at the designated Region meeting site for each board position, election procedures and results to be certified by the Executive Director.
- ii. At-Large elected.  
Three Directors shall be elected at-large. Elections shall be held at Annual Meeting or through a special election if the need for such an election is determined by the Board, with election procedures and results to be certified by the Executive Director.
- iii. Term of Office.
- Each shall be elected for a term of three years,
  - Directors shall be installed at the Annual Meeting but shall not assume the authority of that office until the first day of the fiscal year for which they were elected.
  - Each Director shall serve until a successor has been elected or appointed and assumed authority of that office.
  - No Director regardless of how elected, shall have consecutive terms in office, except that an appointive term of no more than a year to fill a vacancy shall not be considered in interpreting this restriction.
- iv. Rotation of Directors.
- The Board will establish and maintain a rotation policy so no less than three, and no more than four positions change annually.
- c. Requirements

- i. Be an active member of Sertoma for no less than 5 years immediately before seeking office.
  - ii. Be a member of a club in good standing at all times while in office.
  - iii. Served actively in one or more national volunteer roles as defined by the Board to include, but not limited to District Governor, Club Liaison, Certified Trainer, Annual fund Representative, member of a National Committee or Task Force
  - iv. Accept and honor expectations and qualifications as defined in all Policy and Procedure Statements related to the work of the Board.
- 5. Removal from Office.
  - a. By the Board.
    - i. For good cause any Officer or, Director by a two-thirds (2/3) vote of the membership of the Board of Directors, suspended or removed, provided such Officer or Director shall have been served personally, or by registered mail, with notice identifying the cause for suspension or removal.
    - ii. Said notice shall specify the time, not less than fifteen (15) days after giving said notice, and the place of hearing; and such Officer or Director, may be represented by counsel at the hearing, and the Board of Directors may employ counsel if it is desired.
  - b. By the Members.
    - i. For good cause, a member or members may present a resolution to request a recall for any Officer or Director. Said resolution must be adopted at a Regional Meeting before coming to the floor of the International Annual Meeting.
    - ii. If said resolution is adopted by two-thirds (2/3) of members present and voting at the Annual Meeting, the Officer or Director is recalled, and the office is vacant. Any vacancy created by recall will be filled as defined in Section B-6 of these Policy Statements.
- 6. Vacancy in Office.
  - a. President.
 

In the event of a vacancy in the office of President, the President-Elect shall fill the unexpired term and shall continue to serve as President for the term for which elected. In the event that the office cannot be filled by the President-Elect, the Board of Directors shall appoint from its members a President to fill the unexpired term.
  - b. President-Elect.
 

In the event of a vacancy in the office of President-Elect, the Senior Vice President shall fill the unexpired term.
  - c. Vice Presidents.
    - i. In the event of a vacancy in the office of the Senior Vice President the Junior Vice President shall fill the unexpired term.
    - ii. In the event of a vacancy in the office of the Junior Vice President, the Board will appoint a member to fill the position until the next election, at which time the members will elect both a Junior and Senior Vice President.

- d. Treasurer.
  - i. In the event of a vacancy in the Office of Treasurer, the Board of Directors shall appoint a new Treasurer for the completion of the term.
- e. Director.
  - i. Regionally elected
    - In the event of a vacancy in the office of Director, the Governors of the region shall meet, upon call of the President of Sertoma, within a period of thirty (30) days and appoint a Director, such Director to be an active member of a Sertoma Club in good standing in the same region from which the predecessor was elected.
    - In the event the Governors do not act as prescribed by this Section, the Board of Directors of Sertoma shall fill the vacancy by appointing an active member of a Sertoma Club in good standing in the region, who shall serve as aforesaid.
  - ii. At-Large elected
    - The Board of Directors of Sertoma shall fill the vacancy by appointing an active member of a Sertoma Club in good standing.
    - Such Director shall serve for the remainder of the term of the predecessor, except that if such vacancy occurs within the first year of a three-year term, the Director shall serve only until the time of the next appropriate Annual Meeting, at which time the members shall elect a Director to complete the original term.

#### D. Work of the Board - Committees

##### 1. Committee of the Whole

The Board shall function as a committee of the whole for discussion, evaluations and decisions related to (1) defining Sertoma – purpose, values, vision and mission (2) the focus and direction of the strategic plan and (3) evaluation of the work of the organization.

##### 2. Executive Committee.

The Executive Committee shall perform such duties and shall exercise authority as delegated by the Board of Directors. Those duties and responsibilities to include response to legal issues, supervision of the Executive Director's management of the organization, tracking the status of planning efforts, and coordinate the work and input of the Board. The President chairs the Executive Committee and its members are the Officers of Sertoma. As the Executive Director/Secretary is a member of this Committee, no staff liaison is assigned.

##### 3. Governance Committee.

The Governance Committee is responsible for the functional aspects of how the Board works. Through an evaluation of process, the committee will identify and recommend action to address communication or performance issues of the Board or individual members. The committee will define developmental needs of the Board. The Executive Committee appoints the chair and committee from the current members of the Board.

##### 4. Policy Committee

The Policy Committee is responsible for assuring all decisions are consistent with current Bylaws, Policy and Procedures – and if not appropriate, recommend

amendments to those documents. The Committee will serve a reviewing body of all Board motions or member Resolutions to amend the Bylaws or Policy. The committee will provide a recommendation on the resolution/motion to the appropriate Resolutions Committee and/or Board. The Executive Committee appoints the chair and committee from the current members of the Board. The Executive Director will assign a staff liaison.

5. Finance Committee.

The Finance Committee is responsible for the stewardship of financial and capital assets, to make recommendation on the management and use of endowed funds, and risk management issues. This Committee provides supervision of processes that distribute funds as grants or scholarships. The committee is chaired by the Treasurer, with other members of the Board being appointed by the Executive Committee. The Director of Finance, or equivalent position, will serve as staff liaison.

E. Divisions.

1. Definition.

As authorized in the Bylaws, the Board of Directors establishes the following geographical areas to govern and carry out the business of Sertoma:

- a. Region. A division based on membership counts to assure equitable representation of the membership base for the purpose of electing Directors to the Board. Regions shall have not less than fifty (50) active clubs and not less than three thousand (3,000) members. The Board of Directors may consider exceptions to this rule, but the foregoing is basic to the creation of financially sound regions.
- b. District. A division established to facilitate communication among the individual members and with the Board of Directors to assure strong program and service delivery and to assure member voice and access to the policy- and decision-making of the Board of Directors. Districts shall have not less than eight (8) active clubs and not less than three hundred (300) members. The Board of Directors may consider exceptions to this rule, but the foregoing is basic to the creation of financially sound districts.
- c. District at Large: A division established to communicate and provide services to individual members and clubs that are not currently assigned to an existing District as determined periodically by the Board of Directors. However, those clubs can participate in any and all activities of the Region in which they are geographically located.

2. Realignment of Divisions.

Any division, or the clubs assigned to a division, may be realigned, combined or altered by the Board of Directors as it deems necessary to carry on or improve the business of Sertoma by majority vote of the Board of Directors.

3. Name.

Each division, acting through the members that comprise such division, shall select a name, which shall become the official name of the division upon approval by the Executive Director. Such division shall not use any other name. In the event any division acting through its clubs shall vote to change its name, it shall

submit such change in writing to the Executive Director for approval. This shall become effective upon notification of approval from Sertoma Headquarters.

4. Division Volunteer Duties and Responsibilities.

a. Requirements

All division volunteers must be active members in good standing of a club in good standing.

b. Regions

i. Directors Regionally Elected.

ii. In addition to those duties assigned to the Director in Section 3.B.e. the Director shall preside at, and be accountable for the agenda of the Annual Meeting sessions of the Regional Convention for the Region from which they were elected.

iii. Treasurer.

A Director, if authorized to collect and distribute funds for the region, shall appoint an independent Treasurer. The Director cannot serve as his/her own Treasurer, nor can any member of his/her immediate family. The Treasurer is accountable for reports and procedures as defined by the Board of Directors on the collection, use, expenditure and purpose of all region funds.

c. Districts

i. Governor.

The Governor is the representative of Sertoma in the district under the direction and supervision of the Board of Directors of Sertoma with the duties of furthering the objectives and interests of Sertoma, and supporting the needs of the clubs within the district as defined in the Governor's Manual.

- Elected by the members at the District Meeting.
- Term of office is two (2) years beginning on the first day of the Sertoma fiscal year following the District Meeting where the person was elected.
- The Board may, for good cause, remove a District Governor.
- In the event of a vacancy in the office of the Governor, the Director from the region in which the District is located shall appoint a Governor to fill the unexpired term. The appointee shall be an active member of a club in good standing from the district in which the vacancy exists. The President of Sertoma is empowered to appoint an Acting Governor to serve until such vacancy shall have been filled by the Director.

ii. Treasurer.

A Governor, if authorized to collect and distribute funds for the district, shall appoint an independent Treasurer. The Governor cannot serve as his/her own Treasurer, nor can any member of his/her immediate family. The Treasurer is accountable for reports and procedures as defined by the Board of Directors on the collection, use, expenditure, and purpose of all district funds.

iii. District Cabinet or Committee.



To assist in the effective support of the district, the Governor may create a District Cabinet or Committee to further the objectives of Sertoma. Each member shall be an active member in good standing of a Sertoma Club in good standing in the district.

5. Suspension or removal of Division Volunteers
  - a. For good cause any division volunteer serving above the club level, by a two thirds vote of the membership of the Board of Directors, may be removed or suspended, provided such division volunteer shall have been served personally, or by registered mail, with notice identifying the cause for suspension or removal.
  - b. Said notice shall specify the time, not less than fifteen (15) days after giving said notice, and the place of hearing; and such division volunteer may be represented by counsel at the hearing, and the Board of Directors may employ counsel if it desires.
  - c. Good cause for suspension or removal may include, but is not limited to:
    - i. Physical or mental condition, including substance or alcohol abuse, which causes the person to be unable to perform the duties of the office
    - ii. Conviction of a criminal offense subject to incarceration for one year or more
    - iii. Commission of an act involving moral turpitude
    - iv. Intentional misrepresentation or concealment of a material fact in financial reports or communications to the Board
    - v. Knowingly engaging in conduct inconsistent with the Sertoma Code of Ethics
    - vi. Embezzlement or misappropriation of funds entrusted to the volunteer by virtue of the office
    - vii. Intentional failure to disclose conflict of interest situation
    - viii. Failure to submit reports as required by the Board for three consecutive quarters after having been issued two warning notices by the executive secretary

#### F. Foreign Divisions, Clubs and Activities

1. Canada – As approved, the Canadian clubs shall form a division and will operate under the structure defined in the mutually approved agreement on file at Sertoma Headquarters.
2. Clubs – Approval of the Board of Directors is required, prior to establishment of each club in any country in which there are less than ten (10) previously approved and operating clubs.
3. Youth Programs – Sertoma Serteen/Collegiate programs be limited to the geographical boundaries of the United States and Canada. Any groups outside these boundaries are considered non-conforming and are not sanctioned or authorized to use any Sertoma logo/name or trademark.

#### G. Hearing Charities of America

1. Defined. Sertoma established Hearing Charities of America (HCA) to expand Sertoma's mission related to hearing and hearing-related communications disorders.
2. Authority. To hold six (6) voting positions on the board of Hearing Charities of America as defined in the HCA bylaws.
3. Appointments.
  - a. Three (3) of the voting positions will be held by the current President-Elect, President and Chair of Sertoma.
  - b. Three (3) of the voting positions will be appointed by a vote of the Board of Directors as defined in these Bylaws.
4. Nomination and Appointment to Hearing Charities Board.
  - a. A nominations committee appointed by the President of Sertoma consisting of three (3) Sertoma members—at least one who is currently serving on the HCA board—to evaluate and present candidates for the open position each year.
  - b. The Executive Director or his assignee will serve as a member of the committee.
  - c. Candidates will be presented for Board approval at the last board meeting of each fiscal year. A majority vote is required for appointment.
5. Terms.
 

Each appointment, other than those held by right of office, is for a three-year term. Terms of the three positions are to be staggered so one position rotates each year.

  - a. As controlled by Hearing Charities bylaws, appointees may serve no more than two consecutive terms.
6. Vacancies.
 

Any vacancies of the appointed positions will be filled by the same process of nomination and appointment.

  - a. Should a vacancy occur due to a position held by an Officer, the position will be filled by the individual assuming that office as established in the Bylaws and Policies of Sertoma.
7. HCA President.
 

If in attendance, the HCA President will be recognized and have the privilege of the floor at all Sertoma Board meetings.

#### H. Meetings

1. Defined.
 

The organization will hold an Annual Meeting of the membership, and such other meetings as required by the Board, to receive, and respond to, reports from the Boards, elect leadership and conduct the business of the organization. Such meetings will consist of the meeting held in conjunction with the Sertoma Convention and at the Regional Conventions held between the 15<sup>th</sup> of August and the 15<sup>th</sup> of November.
2. Standards and Procedures. All meetings will be conducted within the standards and procedures of these Bylaws, Policies and Procedures as officially adopted by the Board of Directors.
3. Voting and Quorum.

- a. Voting Privilege.
    - i. Members: Each member of a Sertoma Club in good standing may vote at all meetings.
    - ii. Clubs: Each Sertoma Club in good standing shall be entitled to one vote at all meetings. The member casting the Club's vote at the Division level shall bear a certificate duly authenticated by the President and Secretary of his/her Club. Clubs will vote by a vote of the Club's Board for national meetings. Those votes can be mailed in advance, or presented at the meeting as defined in the Procedure Statements.
    - iii. Good standing: For voting status, the club of a member must be in good standing as of the first day of the voting session, as shown by the record of Sertoma, Inc. The members of any Club chartered after the first day of the quarter shall be entitled to vote according to the official records of Charter Members at Sertoma Headquarters. For voting status, clubs must be in good standing for all financial and reporting requirements
  - b. Voting Limitations. An individual member has only one vote; however, he/she may also cast a vote for his/her club as defined under voting privilege.
  - c. Voting Disclosure. All candidates may, upon request, receive the number of members eligible to vote in any elections from the Chairman of the Elections Committee.
  - d. Quorum.
    - i. Annual Meeting. The quorum shall consist of not less than two hundred (200) eligible voters with votes representing no less than one-third (1/3) of the total number of clubs
    - ii. Division Meetings. The quorum shall comprise the eligible voters present and representing not less than one-third (1/3) of the total number of clubs in the designated region or district.
4. Resolutions.
- a. Presentation.
    - i. Any member in good standing may present a resolution. The member may propose recommendations to the Board of Directors of Sertoma or resolutions relating to matters considered appropriate to the purpose of Sertoma members.
    - ii. Other than salutatory resolutions, all resolutions must be presented in the proper form as defined Procedures statements of Sertoma to the appropriate Resolutions Committee. It shall be the duty of the Resolutions Committee to present to the members all such resolutions submitted together with the recommendations of the Committee on each resolution before any debate is allowed.
    - iii. Any resolution, Bylaws Amendment that has been properly submitted may not be altered or amended by a member from the floor of the meeting.
    - iv. All resolutions other than salutatory resolutions at all meetings shall be submitted in writing to the appropriate resolutions committee and made part of the meeting minutes and forwarded to the Executive Director. All resolutions other than salutatory resolutions to be presented at an Annual Meeting session not held in conjunction with a Region Meeting, shall be

- submitted in writing to the Executive Director, for consideration by the Resolutions Committee, at least ninety days before the meeting convenes.
- b. Debate of Resolutions.
    - i. Resolutions shall not be in order until they have been reported out of the Committee on Resolutions.
    - ii. Debate may be had on the floor of the Meeting for all resolutions, save such as are known in parliamentary practice as “undebatable,” unless by two-thirds (2/3) vote the Convention decides to dispose of them without debate.
    - iii. No member shall speak in any one session on any one subject longer than three minutes except as provided in the Order of the Day or by majority vote. Debates shall be managed as defined in the Policy and Procedure Statements approved by the Board.
5. Elections
- a. Date and Time.

The date and hours of the election of Officers and at-large Directors at the Annual Meeting and the nomination and election Directors and Governors at the Regional and District Meetings shall be indicated in the Official Program and shall be subject to change only in accordance with the Rules of the Meeting.
  - b. Procedures.

All nominations and elections will be conducted by the approved procedures of Sertoma and the most current version of Robert’s Rules of Order.
6. Voting
- a. Timing of Votes.

No vote shall be taken on any Bylaws Amendment or any other substantive matter, other than salutary or congratulatory matters, prior to the time designated in the Official Program unless it is a vote for an officer unopposed.
  - b. Type of Votes.
    - i. Elections. Voting for Officers or at-large Directors shall be by secret ballot, except for a nominee who is unopposed.
    - ii. Resolutions and Motions. Voting for Resolutions and motions can be by secret ballot or from the floor as determined by the Presiding Officer provided it does not conflict with these Bylaws or Robert’s Rules of Order. Club votes at the Annual Meeting are always by ballot.
    - iii. There shall be no vote by proxy or by cumulative voting.

## **ARTICLE IV CONVENTIONS**

### **A. Annual Convention**

- 1. Management. The Board of Directors shall have full supervision of the management of all Conventions and shall approve the official program and order of business in advance of such Convention.
- 2. Fees.

- a. The Board of Directors shall establish registration fees to be paid for all persons attending any Convention. No member shall be entitled to vote, as an individual or as the club representative at the Convention unless and until his/her registration fee has been paid.
  - b. The registration fee will be complimentary for current Officers; Officer Spouses; Directors; Beginning with the 2014 Annual convention complimentary registration for all Past Presidents is limited to the five years immediately after leaving the office.
3. Contracts.
- The Executive Director shall be solely authorized for executing all contracts with hotels and other facilities and services involved for the convention site selection. The designated host chairman, host committee or any Sertoma Officer or Director may not commit vendors and/or facilitators under any condition whatsoever, but may serve as advisors to the staff.

#### B. Division Conventions

1. Registration Fee and Budget.
  - a. A uniform registration fee for the entire Convention shall be paid by all persons attending a Regional Convention. No member shall be entitled to vote, as an individual or as the club representative at the Convention unless and until his/her registration fee has been paid.
  - b. Such proposed fee, together with a budget of proposed expenditures, shall be submitted by the Host Club to the Governors of the Districts in the region(s), and approval shall be obtained by a majority of the combined votes of the District Governors at least 120 days prior the Convention. Should a majority vote against the proposed fee and budget, the Director shall work with the Host Club toward a revision of the fee and budget that will be acceptable to the District Governors.
  - c. The registration fee approved for the Regional Convention shall be considered to be the registration fee for the District Conventions of that region.
2. Financial Responsibility.
  - a. Financial responsibility for the Regional Convention shall rest entirely with the Host Club.
  - b. The Host Club shall submit a report within ninety (90) days of the close of the convention including income and expenses of the Convention, mailing copies of the report to the Governors in the region(s) and the Executive Director of Sertoma.

### **ARTICLE V FINANCIAL ACCOUNTABILITY**

#### A. General

1. Fiscal Year. The fiscal year of Sertoma shall begin on the first day of July of each year commencing on July 1, 2009.
2. Bonds.
  - a. The Sertoma Treasurer shall give bond in such amount and upon such conditions as from time to time may be required by, and provided for by the Board of Directors.

- b. The elected division representative and Secretary/Treasurer or Treasurer shall give bond in the amount of \$10,000.00.
  - c. The Executive Director of Sertoma shall provide such bond by means of a blanket bond, the premium cost of which shall be prorated among Sertoma and its divisions.
3. Disbursements.  
All disbursements for Sertoma and its divisions shall be made by check, with a record showing the payee, the nature of the purchase, expenses paid or services rendered and the amount of payment.
4. Depositories.
- a. Sertoma. The Board of Directors shall approve the depositories of all funds.
  - b. Divisions.
    - i. Division will annually provide to Sertoma Headquarters a listing of all depositories, including account numbers and signatories.
    - ii. *All bank accounts will be opened and operated under the Sertoma Employer Identification Number (EIN) as provided by Sertoma Headquarters.*
    - iii. All Division accounts will include as a signatory the Director of Finance for Sertoma, Inc. or equivalent position as appointed by the Executive Director. Unless otherwise approved by the Board of Sertoma for specific cause, this signatory can use this authority solely to access information required for audit verification.
5. Signing Checks.  
The Board of Directors authorizes the Executive Director in his/her judgment as may seem advisable to authorize staff to execute and countersign checks and do and perform such other acts as will carry out the purposes and objects of this Article.

B. Accounting.

- 1. Sertoma.
  - a. The Executive Director shall install and maintain an efficient system of accounts and, to that end, shall engage competent certified public accountants subject to the approval of the Board of Directors.
  - b. The Executive Director will make all financial records available upon request to the Executive Committee for audit or review, and shall provide as directed by the Treasurer regular reports for the review of the Board of Directors.
- 2. Divisions.
  - a. If authorized to collect and distribute funds, the Secretary/Treasurer or Treasurer shall keep the accounts, maintaining records of receipts, expenses, and disbursements.
  - b. All records and books shall at all times be open to the inspection of the Governors and any auditors which may be named by a District Convention or the Board of Directors of Sertoma.

- c. The following quarterly and annual reports in the time and manner provided by Sertoma Headquarters. Copies shall be distributed to the Board of Directors, and the Governors and Secretary of each club in the division:
  - i. Bank balance at the beginning and end of the quarter.
  - ii. Receipts from the quarter and the year to date as compared to the budget for the same periods.
  - iii. Itemized disbursements for the quarter and year to date as compared to budget for the period.

#### C. Audit

The Board of Directors shall provide for the audit of all books of account by certified public accountants annually and, in its discretion, at more frequent periods.

#### Budget

- 1. Sertoma.
  - a. The Board of Directors shall adopt an annual balanced budget, making appropriations therein for the fiscal year. Each budget shall include a statement of the estimated revenue for the fiscal year and shall specify the purpose and amount of each appropriation.
  - b. At any regular meeting of the Board of Directors, the Board may review the budget adopted for the fiscal year and, with the advice of the Finance Committee, make such changes as are necessary, consistent with anticipated revenue for the remainder of the fiscal year.
- 2. Divisions.
  - a. The clubs will adopt *an annual balanced budget for the division's* estimated income and expenses for the ensuing year.
  - b. The budget, as prepared by the Secretary/Treasurer or Treasurer shall be presented to the members by the Director and/or Governors at the Regional Meeting.
  - c. A copy of the budget shall be filed by the Secretary/Treasurer or Treasurer with the Executive Director of Sertoma *and all clubs in the division*, in a manner and form designated by Sertoma Headquarters.

#### D. Endowment Management & Investment

- 1. Charitable Funds.
  - a. Asset Allocation Guidelines:
    - i. The fund should be structured as a balanced portfolio, consisting of equity and fixed income securities. The following asset classes and styles are considered to be appropriate for the Fund.
    - ii. Domestic and International equity – large cap, mid cap and small cap securities. The style within these classes can be growth or value, except in the case of Small Cap investments that are limited to value style.
    - iii. Domestic fixed income – U.S. Government/agency, corporate and mortgage-backed securities. Municipal bonds are not appropriate securities for the Fund.
    - iv. Alternative Investments - When used are to be considered part of the overall equity exposure of the portfolio. Their use is to be in response to

ever changing global conditions. Alternative investments can include commodities, energy, short instruments to hedge the portfolio, annuities for their guarantees, and REIT's (Real Estate Investment Trusts).

- v. Strategic Investments – When used are to be considered part of the overall equity exposure of the portfolio even though at times they may be made up of entirely cash type instruments. Their use is to be an attempt to reduce overall portfolio risks by responding to the ever changing volatility and momentum in the markets. Strategic investments will typically be made up of mid to large cap US based companies. The strategic manager may gain access to those companies via Exchange Traded Funds and or direct ownership of the companies via a trading exchange. The exception to this will be when the strategic component deems cash a more prudent use of capital. In this case, the 1 to 3 month T Bill and or the exchange traded fund “BIL” will be equal to cash. The minimum/maximum limits for this strategy inside of the portfolio is 0% to 20%.
- vi. The fund should be well diversified among asset classes and styles in order to maximize return and reduce risk. Fund assets should be allocated in the following ranges.

		Target
Fixed Income	35 – 45 percent	40 percent
Large Cap Equity	30 – 40 percent	35 percent
Mid Cap Equity	4 – 12 percent	8 percent
Small Cap Equity (Value only)	5 – 10 percent	7 percent
International Equity	5 – 15 percent	10 percent
*Alternative Investments	5 – 15 percent	10 percent

b. Professional Consultants:

- i. At the direction of the Board, the Executive Director will hire and evaluate annually an investment management consultant to manage the investments, provide advisory services, including advice on investment objectives and/or allocation, manager search and performance monitoring. The investment advisory committee will review the allocations quarterly to assure compliance. This policy will tolerate interim market conditions that cause the Fund's investment in various asset classes to vary from the established allocation. Annually, the Board or its assignee will review the actual weighting of all investments and make recommendations to rebalance the fund if required.

c. Security Guidelines:

- i. Equity Investments – The Fund may consist of domestic and international common stock and mutual funds. The Fund's equity holding should be well-diversified to avoid undue exposure to any single economic sector, industry group or individual security. Equities should be investment grade and listed on the New York Stock or American Stock Exchanges, NASDAQ or traded in the over-the-counter market with the requirement that such stocks have adequate market liquidity relative to the size of the investment. No individual security can have a portfolio allocation that exceeds 5% and no more than 20% of the total fund should be invested in one industry.
- ii. Fixed Income Investments – The Fund may consist of U.S. Treasury,



Government/agency, corporate, mortgage-backed and/or asset-backed securities. The securities should be of investment grade quality overall (as rated by either Standard & Poor's, Moody's or Duff & Phelps). Non-investment grade quality securities (junk bonds, etc.) are excluded from consideration in the portfolio. Corporate debt (notes and bonds) can have a portfolio allocation by one issuer not to exceed 5%.

- iii. Short-term Investments – The Fund may consist of U.S. Government obligations with maturities less than or equal to one year, certificates of deposit, commercial paper, taxable floaters, and other similar instruments with less than one year to maturity and/or money market funds.
  - iv. Ineligible Investment Strategies – The Fund may not engage in the following investment strategies:
    - Commodity trading
    - Speculative futures/options trading
    - Short selling
    - Use of margin
    - Use of hedge funds
    - Venture capital
    - Direct investment or private placements
  - v. Real Estate – The portfolio may not consist of holdings in real estate. Real estate is defined as direct ownership in raw land or commercial/residential buildings, as well as participation in real estate investment trusts (REIT's).
  - vi. Mutual Funds – Prior to the initial purchase of any fund, documentation must be obtained that reflects: The securities of the fund qualify as acceptable investments according to this policy. A prospectus and due diligence review of the condition of the company has been performed by the investment management consultants.
- d. Performance Review Guidelines.
- i. The performance of the Fund will be measured against whether it is meeting the return and risk expectations defined by these policies. The purpose of the balanced portfolio is to offset risks inherent in the market, and as such, there will be periods where investment objectives are not met or when specific managers fail to meet their expected performance targets. Although there may exist a temptation to evaluate performance over quarterly periods or one year, these periods are considered too short to accurately determine the performance capability of most managers.
  - ii. To accurately evaluate the performance of individual managers, the following measurements should be reviewed: absolute return over a set period of time (usually 3 to 5 years) return relative to a comparable benchmark, risk adjusted return relative to that of a comparable benchmark, and rate of return relative to a peer group. The following are the benchmarks for the Fund:
 

Fixed Income	Lehman Bros. Interm. Gov./Corp. Index
Large Cap Equity	Russell 1000
Mid Cap Equity	Russell Mid Cap
Small Cap Equity (value)	Russell 2000 Value

## 2. Reserve Funds.

The intent of this policy is to provide guidelines for investing by Sertoma. The primary objective of the investment policy is to provide a reasonable rate of return on investments while minimizing investment risks. This shall be done using an Investment Advisor.

## a. Responsibilities.

- i. The Finance Committee shall have the responsibility and authority for overseeing the activities of the Director of Finance/Administration in managing Sertoma's investment portfolio and shall be involved in constructing the investment policy.
- ii. The Director of Finance/Administration shall implement the due diligence process necessary for the selection of investment managers and make recommendations to the Finance Committee for final approval.
- iii. The investment policy statement shall be reviewed on an annual basis, or more frequently as necessary, by the Finance Committee and approved by the Sertoma Board.
- iv. The Finance Committee, through the Director of Finance/Administration, shall keep the Advisor informed of all needs for liquidity and expected withdrawals and contributions to the fund.
- v. The Finance Committee shall direct the Advisor to make changes to the portfolio recommendations and to oversee and approve/disapprove the Advisor's recommendations with regard to policy, guidelines and objectives.
- vi. Sertoma is required to communicate to the Advisor preferences or unique issues concerning investment policy or manager characteristic.
- vii. The Finance Committee shall seek the advice of experts in the field of investment if it feels it is beyond its scope of knowledge.

## b. Investment Goals, Objectives and Fund Overview.

- i. Sertoma's goal is to provide sufficient total return in an attempt to satisfy spending and payout requirements and grow the value of the portfolio at a rate approximating inflation.
- ii. Sertoma seeks to achieve an average annual return of five (5) to seven (7) percent net of expenses.
- iii. Sertoma will accept a moderate level of risk in exchange of achieving growth and income over the next ten (10) to fifteen (15) years.
- iv. An amount equal to 100 percent of the annual fixed operating costs shall be held liquid.

## c. Asset Allocation and Performance Guidelines.

Asset allocation guidelines and performance review standards will be outlined in the investment policy statement as part of the contract with independent financial counselors.

**ARTICLE VI EMBLEMS AND FLAGS OF SERTOMA**

## A. Emblem.

1. The official emblem of Sertoma is the shield with the Roman fasces and the name Sertoma, as it appears on the official membership pin registered with the U.S. Copyright Office, and adopted by the Board of Directors on June 30, 1979.
2. Other contemporary designs, as developed from time to time, may be used in conjunction with the official emblem or alone as permitted by the Board on promotional gift, general merchandise, or publicity items. The official emblem shall not be used in or on any item which does not merit the respect of its symbolism.

B. Flag.

1. The official flag of Sertoma is a white field with a large royal blue letter “S” and the name “Sertoma” in the center, as adopted by the Board of Directors on June 25, 1979.

## **ARTICLE VII PARLIMENTARY ISSUES**

A. Authority.

“Robert’s Rules of Order” (revised and/or the latest edition) shall be the parliamentary authority for all matters or procedures not specifically covered by the Bylaws and the Policies of Sertoma.

## **ARTICLE VIII STANDARDS OF COMPLIANCE**

Sertoma is committed to the fiduciary responsibility entrusted to them by contributors. The Board utilizes the Standards in Philanthropy established by the National Charities Information Bureau and the Standards for Charitable Solicitations published by the Council of Better Business Bureaus, or their successors, in the evaluation of its programs and fundraising activities.

## **ARTICLE IX AMENDMENTS TO POLICY**

A. Proposals from the Membership.

1. All proposed changes to the Policy Statements shall be submitted to the Executive Director who will forward such changes to the Executive Committee.
2. If an individual or Committee submits a proposed change of the Policy Statements, that individual or Committee may withdraw said proposed change by submitting such a request in writing to the Executive Director.
3. If more than one proposed change of an Article, Section or Subsection are received, the Board of Directors shall have the sole authority to determine which proposal shall be considered.

B. Voting Requirements.

The Policy Statements may be amended at any regular or special meeting of the Board of Directors of Sertoma by majority vote of the Board.

C. Restrictions.

No policy statement, acted upon by the Board of Directors shall be submitted for Board consideration for a period of eighteen (18) months after it was originally acted upon.