

SAFARI CLUB INTERNATIONAL

Form 990 Compliance - Sample Governance Policies

These sample policies may be adopted by a Chapter that is tax-exempt under Section 501(c)(4) of the Code in order to comply with various provisions of the newly revised IRS Form 990 relating to governance.

Whistleblower Policy

This Whistleblower Policy of _____ [insert name of organization] _____ (hereinafter the “Organization”) encourages the Organization’s members, officers, directors, employees and volunteers (collectively referred to herein in as “applicable persons”) to make good faith disclosures of misconduct related to the Organization. Retaliation as a response to such disclosures constitutes a serious violation of the Organization’s policy and will not be tolerated.

(a) Reporting Misconduct. In order to permit the Organization an opportunity to review allegations of wrongful conduct and take necessary corrective action as appropriate, all applicable person should report information the applicable person reasonably believes evidences (1) a violation of any law, or (2) any violation of the Organization’s policies (items 1 and 2 are collectively referred to herein as “alleged wrongful conduct”) verbally or in writing to the Chair or the President or other specifically designated Organization official.

(b) No Retaliation. No applicable person shall knowingly retaliate against another applicable person because he or she has disclosed alleged wrongful conduct to a public body or to a designated Organization official. Any applicable person who is found to have violated this policy shall be subject to discipline, up to and including termination.

(c) Complaining of Retaliation. An applicable person who believes he or she has been retaliated against because of his or her prior disclosure of alleged wrongful conduct to a public body or to a designated Organization official should report the alleged retaliation to the Chair or the President, who will review the complaint, determine whether the allegation is true and take corrective action where appropriate.

(i) Any applicable person who knowingly makes false allegations of alleged wrongful conduct to a public body or to a designated Organization official shall be subject to discipline, up to and including termination.

(ii) An applicable person against whom an adverse personnel or other action has been taken for legitimate reasons may not use this policy as a defense. It shall not be a violation of this policy to take adverse personnel or other action against an applicable person whose conduct or performance warrants that action.

Document Retention and Destruction Policy

This Document Retention and Destruction Policy of _____ [insert name of organization] _____ (hereinafter the “Organization”) identifies the record retention responsibilities of staff, volunteers, members of the Board of Directors, and outsiders for maintaining and documenting the storage and destruction of the Organization’s documents and records.

1. **Rules.** The Organization’s staff, volunteers, members of the Board of Directors and outsiders (i.e., independent contractors via agreements with them) are required to honor these rules: (a) paper or electronic documents indicated under the terms for retention below will be transferred and maintained by the Human Resources, Legal or Administrative staffs/departments or their equivalents; (b) all other paper documents will be destroyed after three years; (c) all other electronic documents will be deleted from all individual computers, data bases, networks, and back-up storage after one year; and (d) **no paper or electronic documents will be destroyed or deleted if pertinent to any ongoing or anticipated government investigation or proceeding or private litigation.**

2. **Terms for retention.**

a. Retain permanently:

Governance records – Charter and amendments, Bylaws, other organizational documents, governing board and board committee minutes.

Tax records – Filed state and federal tax returns/reports and supporting records, tax exemption determination letter and related correspondence, files related to tax audits.

Intellectual property records – Copyright and trademark registrations and samples of protected works.

Financial records – Audited financial statements, attorney contingent liability letters.

b. Retain for ten years:

Pension and benefit records -- Pension (ERISA) plan participant/beneficiary records, actuarial reports, related correspondence with government agencies, and supporting records.

Government relations records – State and federal lobbying and political contribution reports and supporting records.

c. Retain for three years:

Employee/employment records – Employee names, addresses, social security numbers, dates of birth, INS Form I-9, resume/application materials, job descriptions, dates of hire and termination/separation, evaluations, compensation information, promotions, transfers, disciplinary matters, time/payroll records, leave/comp time/FMLA, engagement and discharge correspondence, documentation of basis for independent contractor status (retain for all current employees and independent contractors and for three years after departure of each individual).

Lease, insurance, and contract/license records – Software license agreements, vendor, hotel, and service agreements, independent contractor agreements, employment agreements, consultant agreements, and all other agreements (retain

during the term of the agreement and for three years after the termination, expiration, non-renewal of each agreement).

d. Retain for one year:

All other electronic records, documents and files – Correspondence files, past budgets, bank statements, publications, employee manuals/policies and procedures, survey information.

3. **Exceptions.** Exceptions to these rules and terms for retention may be granted only by the Organization's chief staff executive or Chairman of the Board.

Policy on the Process for Determining Compensation

This Policy on the Process for Determining Compensation of _____ [insert name of organization] _____ (hereinafter the “Organization”) applies to the compensation of the following persons employed by the Organization:

_____ The Organization’s **chief employed executive**¹ (CHECK IF APPLICABLE)
_____ Other **Officers**² or **Key Employees**³ of the Organization by title: _____

_____ (CHECK IF APPLICABLE; SUPPLY TITLES).

The process includes all of these elements: (1) review and approval by the board of directors or the compensation committee of the Organization; (2) use of data as to comparable compensation; and (3) contemporaneous documentation and recordkeeping.

- 1. Review and approval.** The compensation of the person is reviewed and approved by the board of directors or the compensation committee of the Organization, provided that persons with conflicts of interest with respect to the compensation arrangement at issue are not involved in this review and approval.
- 2. Use of data as to comparable compensation.** The compensation of the person is reviewed and approved using data as to comparable compensation for similarly qualified persons in functionally comparable positions at similarly situated organizations.
- 3. Contemporaneous documentation and recordkeeping.** There is contemporaneous documentation and recordkeeping with respect to the deliberations and decisions regarding the compensation arrangement.

¹ **Chief employed executive** – The CEO (i.e., Chief Executive Officer), executive director, or top management official (i.e., a person who has ultimate responsibility for implementing the decisions of the Organization’s governing body or for supervising the management, administration, or operations of the Organization).

² **Officer** – A person elected or appointed to manage the Organization’s daily operations, such as a president, vice-president, secretary or treasurer. The officers of the Organization are determined by reference to its organizing document, bylaws, or resolutions of its governing body, or as otherwise designated consistent with state law, but at a minimum include those officers required by applicable state law. Include as officers the Organization’s top management official and top financial official (the person who has ultimate responsibility for managing the Organization’s finances).

³ **Key Employee** – An employee of the Organization who meets all three of the following tests: (a) \$150,000 Test: receives reportable compensation from the Organization and all related organizations in excess of \$150,000 for the year; (b) Responsibility Test: the employee: (i) has responsibility, powers, or influence over the Organization as a whole that is similar to those of officers, directors, or trustees; (ii) manages a discrete segment or activity of the Organization that represents 10% or more of the activities, assets, income, or expenses of the Organization, as compared to the Organization as a whole; or (iii) has or shares authority to control or determine 10% or more of the Organization’s capital expenditures, operating budget, or compensation for employees; and (c) Top 20 Test: is one of the 20 employees (that satisfy the \$150,000 Test and Responsibility Test) with the highest reportable compensation from the Organization and related organizations for the year.

Joint Venture Policy

This Joint Venture Policy of _____ [insert name of organization] _____ (hereinafter the “Organization”) requires that the Organization evaluate its participation in joint venture arrangements under Federal tax law and take steps to safeguard the Organization’s exempt status with respect to such arrangements. It applies to any joint ownership or contractual arrangement through which there is an agreement to jointly undertake a specific business enterprise, investment, or exempt-purpose activity as further defined in this policy.

1. Joint ventures or similar arrangements with taxable entities. For purposes of this policy, a joint venture or similar arrangement (or a “venture or arrangement”) means any joint ownership or contractual arrangement through which there is an agreement to jointly undertake a specific business enterprise, investment, or exempt-purpose activity without regard to: (1) whether the Organization controls the venture or arrangement; (2) the legal structure of the venture or arrangement; or (3) whether the venture or arrangement is taxed as a partnership or as an association or corporation for federal income tax purposes. A venture or arrangement is disregarded if it meets both of the following conditions:

- (a) 95% or more of the venture’s or arrangement’s income for its tax year ending within the Organization’s tax year is excluded from unrelated business income taxation [including but not limited to: (i) dividends, interest, and annuities; (ii) royalties; (iii) rent from real property and incidental related personal property except to the extent of debt-financing; and (iv) gains or losses from the sale of property]; and
- (b) the primary purpose of the Organization’s contribution to, or investment or participation in, the venture or arrangement is the production of income or appreciation of property.

2. Safeguards to ensure exempt status protection. The Organization will: (a) negotiate in its transactions and arrangements with other members of the venture or arrangement such terms and safeguards adequate to ensure that the Organization’s exempt status is protected; and (b) take steps to safeguard the Organization’s exempt status with respect to the venture or arrangement. Some examples of safeguards include:

- (i) control over the venture or arrangement sufficient to ensure that it furthers the exempt purpose of the organization;
- (ii) requirements that the venture or arrangement gives priority to exempt purposes over maximizing profits for the other participants;
- (iii) that the venture or arrangement not engage in activities that would jeopardize the Organization’s exemption; and
- (iv) that all contracts entered into with the organization be on terms that are arm’s length or more favorable to the Organization.

Policy on the Review of the IRS Form 990

This Policy on Review of the IRS Form 990 of _____ [insert name of organization] (hereinafter the “Organization”) applies to the review by members of the Organization’s Board of Directors of its IRS Form 990 prior to filing. The Organization utilizes the following process in annually preparing and submitting IRS Form 990:

Primary responsibility for the preparation of the IRS Form 990 rests with the Organization’s staff and volunteers. Staff works with and relies upon the Organization’s independent accountants in preparing the Form 990. The Form 990 is presented as a draft to the Organization’s Treasurer and Finance Committee [CHANGE COMMITTEE TITLE AS NECESSARY] for review prior to its filing. An open invitation shall be given to all members of the Organization’s Board of Directors to attend, at their option, the Finance Committee meeting at which the Form 990 is to be reviewed.

The Treasurer will compile comments to the draft Form 990 and send them to the Organization’s independent accountants for possible revision of the Form 990, to the extent deemed appropriate in their professional judgment. The final Form 990 will be submitted to the Treasurer and Finance Committee for approval before filing.

Once the final Form 990 has been approved by the Treasurer and Finance Committee, notice is sent to each member of the Organization’s Board of Directors inviting them to review the final Form 990. This invitation will be sent not less than two weeks prior to the date when the Form 990 will be filed. Any comments to the final Form 990 will be directed to the Treasurer to address with the independent accountants.

The Organization will file the final Form 990 as soon as reasonably practicable after receiving the signed Form 990, but in no event later than (a) the 15th day of the fifth month after the close of the Organization’s fiscal year, or (b) the extended due date of the return.

At the next regularly scheduled meeting of the Organization’s Board of Directors, the completed and filed Form 990 is presented to the Board as part of Treasurer’s financial report.

NOTE: You should check your state's law to determine if there are additional or different provisions that should be included.

Conflicts of Interest and Use of Property Policy

1. **Purpose** The purpose of this policy is to establish guidelines for the use of property and resources belonging to _____ [insert name of organization] _____ (hereinafter the "Organization") and to protect the Organization's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of certain individuals.

2. **Definitions**

a. **Interested Person.** Any individual or entity in a position to exercise control or influence over the Organization, including, without limitation, directors, officers and members of a committee with board delegated powers, who has a direct or indirect financial or beneficial interest, as defined below, in a transaction with the Organization is an interested person.

b. **Financial Interest.** A person has a financial interest if the person has, directly or indirectly, through business, investment or a related person: (i) an ownership, partnership, investment or other beneficial interest in any entity with which the Organization has a transaction or arrangement, or (ii) a compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement, or (iii) a potential ownership, partnership, investment or other beneficial interest in, or compensation arrangement with, any entity or individual with which the Organization is negotiating a transaction or arrangement. Compensation includes direct and indirect remuneration, as well as gifts or favors that are substantial in nature. A financial interest is not necessarily a conflict of interest. Under paragraph 4.b., an interested person who has a Financial Interest may have a conflict of interest only if the appropriate board or committee decides that a conflict of interest exists after required disclosure is made.

c. **Related Person.** A related person of an interested person means either: (i) the spouse, or a parent or sibling of the spouse, of the interested person, a child, grandchild, sibling, parent or spouse of a child, grandchild, sibling or parent, of the interested person, an individual having the same home as the interested person or a trust or estate of which an individual specified in this subsection c is a substantial beneficiary, and (ii) a trust, estate, incompetent, conservatee or minor of which the interested person is a fiduciary.

3. Use of Organization Property

a. **Private Inurement Prohibition.** All real and personal property belonging to the Organization is to be used only to further the exempt interests, activities, and mission of the Organization. Consistent with the Organization's articles of incorporation and status as a tax-exempt entity described in Section 501(c)(4) of the Internal Revenue Code, no part of the net earnings of the Organization shall inure to the benefit of or be distributable to its directors, officers, members of a committee, or other private persons. This provision does not prohibit the board of directors from authorizing the payment of reasonable compensation for services rendered to or on behalf of the Organization, provided such compensation is consistent with the policies outlined herein. This provision also does not prohibit the board or a board authorized committee from approving certain transactions between the Organization and interested persons or related persons, provided such transactions are consistent with the policies outlined herein.

b. **Political Activities Limitation.** The Organization may not use a substantial part of its assets to participate in or intervene in (including the publishing or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office. The Organization may be subject to taxation for political activities conducted.

c. **Use, Transfer, Loan or Lease of Organization Property by an Interested Person.** In the event an interested person is requesting the use, transfer, loan, lease or engagement in some other transaction between the interested person and the Organization that involves the Organization's property, the procedures and policies delineated in this Policy must be followed, including, but not be limited to:

- The interested person must disclose the required information in the manner required in paragraph 4.a.
- The board or committee considering the transaction shall determine whether a conflict of interest exists in compliance with paragraph 4.b.
- The board or committee considering the transaction, after determining that a conflict or potential conflict of interest exists, shall review the transaction in compliance with the provisions of paragraph 4.c.
- If the transaction is discovered after it has already taken place, the board or committee reviewing the transaction shall act in accordance with paragraph 4.d.
- The transaction must be recorded in the record of the Organization's property as required in paragraph 3.d.
- The board or committee shall document its approval of the transaction or its denial thereof in compliance with paragraph 5.

d. **Record of Organization Property.** The President or Executive Director of the Organization will keep or cause to be kept a record of all property belonging to the

Organization and of property loaned to, leased by or otherwise utilized by the Organization. Such record shall include at least the following with respect to each item of the Organization's property:

- The date the item was acquired by the Organization.
- A description of the item, including identifying marks (e.g., serial number, unique markings, etc.).
- The manner in which the Organization acquired the item, noting specifically whether it was by gift, donation, purchase, lease or by some other method.
- The specific location (e.g., the state, the museum, other facility, etc.) of the item.
- The identity of the person(s) charged specifically with the custody and care of the item.
- An estimate of the value of the item at the time of acquisition.
- Date and method of any disposition of the item, if any, including loan, sale, destruction, return to owner, and the value, if any, received upon its disposition, etc.
- Date of the board of directors' resolution authorizing such disposition.
- A summary of the terms of any disposition of an item (e.g., transfer price, purpose of transfer, date property was returned to owner, date property to be returned to the Organization if loaned to another organization, etc.).

e. **Disposition of Organization Property.** No property belonging to the Organization may be disposed of, whether by sale, loan, lease, or other disposition, without the express authorization of the Board of Directors of the Organization by way of either a continuing authorization to an Organization manager or committee for the use or transfer of such property (e.g., loans of museum property for display in other museums handled in the ordinary course of business by the museum curator) or an authorization for the other transfer of such property. Any disposition of an item of the Organization's property including those handled by a continuing authorization must be recorded in the record of the Organization's property as provided in paragraph 3.d.

4. **Procedures**

a. **Duty To Disclose.** In connection with any actual or possible conflicts of interest, an interested person must disclose to the directors and/or members of pertinent committees with board delegated powers that are considering the proposed transaction or arrangement: (i) the existence and nature of his or her financial interest, and (ii) all facts known to the interested person respecting the subject matter of the transaction that an ordinarily prudent person would reasonably believe to be material to a judgment about whether or not to proceed with the transaction. The directors and/or members of pertinent committees with board delegated powers that are considering the proposed

transaction may request from the interested person such additional information or documents relating to the transaction as is required for adequate disclosure.

b. Determining Whether a Conflict of Interest Exists. After disclosure of the financial interest and all material facts relating thereto, and after any discussion with the interested person by the board or committee, the interested person shall leave the board or committee meeting while the potential conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists. If it is determined that a conflict of interest exists, additional actions shall be taken as provided for herein.

c. Procedures For Addressing the Conflict of Interest.

i. An interested person may make a presentation at the board or committee meeting concerning the transaction, but after such presentation, he/she shall leave the meeting and not participate in any future meetings during the discussion of, deliberations about, and the vote on, the transaction or arrangement that results in the conflict of interest.

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

iii. After exercising due diligence, the board or committee shall determine whether the Organization can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.

iv. If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the board or committee shall determine by a majority vote of the disinterested directors or committee members whether the transaction or arrangement is in the Organization's best interest and for its own benefit and whether the transaction is fair and reasonable to the Organization and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

v. The interested person shall not influence or attempt to influence the decisions of the board or committee considering the transaction.

vi. If necessary or prudent to making an appropriate decision on a matter, the board may obtain the written opinion concerning a particular transaction or arrangement from such professionals as an attorney, accountant or other professional advisor.

vii. The board shall prepare and maintain adequate records of the proceedings as discussed below.

d. **Violations of the Conflicts of Interest Policy.** If the board or committee has reasonable cause to believe that an interested person has failed to disclose actual or possible conflicts of interest, it shall inform the interested person of the basis for such belief and afford the interested person an opportunity to explain the alleged failure to disclose. If, after hearing the response of the interested person and making such further investigation as may be warranted in the circumstances, the board or committee determines that the interested person has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

5. **Records of Proceedings**

a. **Minutes.** The minutes of the board and all committees with board-delegated powers shall contain: (i) the name(s) of the interested person(s) who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the board's or committee's decision as to whether a conflict of interest in fact existed; (ii) the names of the persons who were present for discussions and voting; (iii) the substance of the discussion of the transaction or arrangement, including the discussion of alternatives to the proposed transaction or arrangement; (iv) a detailing of the appropriate material and data relied upon as to the reasonableness and comparability of the proposed transaction; and (v) an adequate record of any votes taken in connection therewith.

b. **Comparable Data.** Appropriate comparable data includes the following:

i. For compensation purposes, such data might include compensation levels paid by similarly situated organizations, both tax-exempt and taxable, for functionally comparable positions; the location of the organization to which a comparison is being made, including the availability of similar specialties in the geographic area; current compensation surveys compiled by independent firms; or actual written offers from similar institutions competing for the services of the disqualified person.

ii. For property transactions, relevant information includes current independent appraisals and offers received as part of an open and competitive bidding process; facts enabling a determination that the transaction is comparable to ones negotiated at arms'-length; and the terms of comparable or similar agreements.

iii. For other transactions or arrangements, relevant factors include the reasonableness of the cost; the need of the Organization of the service, product, property, etc. to be provided in the transaction or arrangement; the background, training, experience, responsibilities and prior performance of the individual or

entity associated with the transaction or arrangement; and the effort, time and other benefits to be provided to the Organization in the transaction or arrangement.

iv. If a written opinion of a professional advisor is obtained with respect to a matter, such opinion shall be included in the records of the board's consideration of a transaction or arrangement.

6. **Compensation Committees.** A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation. No member, either individually or collectively, is prohibited from providing information to the board or any committee regarding compensation.

7. **Annual Statements.** Each interested person, including members of a committee with board delegated powers, shall sign annually a statement which affirms that such person: (a) has received a copy of this policy, (b) has read and understands the policy, (c) has agreed to comply with the policy, and (d) understands that the Organization is a social welfare organization, and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes. A form of such statement is attached to this policy.

8. **Periodic Reviews.** To ensure that the Organization operates in a manner consistent with its primary purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, periodic reviews shall be conducted. The periodic reviews shall, at a minimum include the following subjects: (a) whether compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining, and (b) whether any transaction, partnership or joint venture arrangements and agreements with management organizations or other organizations or individuals conform to these written policies, are properly documented, reflect reasonable payments for goods and services, further the Organization's purposes, and do not result in inurement or impermissible private benefit.

**Acknowledgement of
Duties, Conflicts of Interest Policy and Confidentiality**

I, the undersigned, am a member of [insert name of organization] (the “Organization”) and hold a position as an Officer, Director or Committee member of such organization. By signing below, I hereby acknowledge all of the following:

1. I owe a duty of loyalty, duty of care and duty of good faith and fair dealing to such organization.

2. I have: (a) received a copy of the conflicts of interest policy for the Organization (b) read and understand that policy, (c) agree to comply with the policy, and (d) understand that the Organization is an organization exempt from tax as one described in Section 501(c)(4) of the Internal Revenue Code, and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

3. I have a special responsibility to maintain the security and confidences of the Organization in order to protect the interest of the Organization. In particular, but without limitation, confidentiality must be maintained as to matters discussed during executive sessions held pursuant to the Bylaws of the Organization, member lists; mailing lists; donor lists; financial matters; any other intellectual property to which the Organization has the rights; advocacy and fundraising plans; and other Organization sensitive matters. I must not disclose confidential information to third parties who are not members of the Organization’s Board of Directors.

4. A violation of these requirements is a breach of the Organization’s Bylaws and may result in suspension or revocation of my position in the Organization and my membership privileges.

Signature

Date

Printed Name