

Lake in the Hills Rotary Club

Constitution By-Laws Financial Management Manual

Amended: June 26, 2019



Constitution of the Rotary Club of Lake in the Hills, IL

Article I Definitions

As used in this constitution, unless the context otherwise clearly requires, the words in this article shall have the following meanings:

1. Board: The Board of Directors of this club.
2. Bylaws: The bylaws of this club. 3. Director: A member of this club's Board of Directors.
4. Member: A member, other than an honorary member of this club.
5. RI: Rotary International.
6. Year: The twelve-month period which begins on July 1st.

Article II Name

The name of this organization shall be the Rotary Club of Lake in the Hills, Illinois (Member of Rotary International)

Article III Locality of the Club

The locality of this club is as follows:

Serving the business community of Lake in the Hills, Illinois and environs. Club functions take place at a location determined by the board of directors.

Article IV Object

The Object of Rotary is to encourage and foster the ideal of service as a basis of worthy enterprise and, in particular, to encourage and foster:

First. The development of acquaintance as an opportunity for service;

Second. High ethical standards in business and professions; the recognition of the worthiness of all useful occupations; and the dignifying of each Rotarian's occupation as an opportunity to serve society;

Third. The application of the ideal of service in each Rotarian's personal, business and community life;

Fourth. The advancement of international understanding, goodwill, and peace through a world fellowship of business and professional persons united in the ideal of service.

Article V Meetings

Section 1 — *Regular Meetings.*

(a) *Day and Time.* This club shall hold a regular meeting on the day and at the time provided in the bylaws.

(b) *Change and/or Cancellation of a Meeting.* For good cause, the board may cancel and/or change the time, date and location of a regular meeting.

Section 2 — *Annual Meeting.* An annual meeting for the election of officers shall be held not later than December 31st as provided in the bylaws.

Article VI Membership

Section 1 — *General Qualifications.* This club shall be composed of adult persons of good character and good business and professional reputation.

Section 2 — *Kinds.* This club shall have four kinds of membership, namely: Active, Shared, a sub-component of Active, Shared-Friends of Rotary, and Honorary.

Section 3 — *Active Membership.* A person possessing the qualifications set forth in article V, section 2 of the RI constitution may be elected to active membership in this club.

- A. Shared Membership - A Shared membership consists of a primary member and up to two associates for participation in the Club as Active members and shall be elected to membership in the same manner.

Section 4 — *Transferring or Former Rotarian.* A member may propose to active membership a transferring member or former member of a club, if the proposed member is terminating or has terminated such membership in the former club due to no longer being engaged in the formerly assigned classification of business or profession within the locality of the former club or the surrounding area. The transferring or former member of a club being proposed to active membership under this section may also be proposed by the former club.

Section 5 — *Dual Membership.* No person shall simultaneously hold active membership in this and another club. No person shall simultaneously be a member and an honorary member in this club. No person shall simultaneously hold active membership in this club and membership in a Rotaract club.

Section 6 — *Honorary Membership.*

(a) *Eligibility for Honorary Membership.* Persons who have distinguished themselves by meritorious service in the furtherance of Rotary ideals, and who are current or past active members in good standing of this club, may be elected to honorary membership. The term of such membership shall be as determined by the board. Persons may hold honorary membership in more than one club.

(b) *Rights and Privileges.* Honorary members shall be exempt from the payment of admission fees and dues, shall have no vote and shall not be eligible to hold any office in this club. Such members shall not hold classifications, but shall be entitled to attend all meetings and enjoy all the other privileges of this club. No honorary member of this club is entitled to any rights and privileges in any other club, except for the right to visit other clubs without being the guest of a Rotarian.

Section 7 — *Shared Membership – Friends of Rotary*

The intent of the program is to bring additional businesses and individuals into the organization. Under special circumstances, Active Members may request to form a Shared Membership, subject to the approval of the Board. Shared memberships must have an affinity other than family. The membership shall consist of an active member and up to three (3) “Friends of Rotary”. The individuals comprising a given Shared Membership must be from a single entity. The entity must be approved by the Board of this club prior to a Shared Membership being granted. In addition, all Friends of Rotary must be approved by the board of directors.

Friends of Rotary who leave the entity shall no longer be eligible for Shared Membership. They may request to join the club as an Active Member, subject to the rules then in force.

The active member in the share shall be a full member of Rotary International, subject to all obligations of other active members of the Club. The Friends of Rotary shall not have those obligations.

For attendance purposes, if the active member is absent from a meeting, a Friend of Rotary who attends shall fulfill the attendance requirement.

Friend of Rotary members are expected to attend as available, and participate in service projects. They will pay for meals and activities they attend. If the active member is prepaid for meals, and a Friend of Rotary attends in his or her place, they shall receive the pre-paid meal.

Section 8 - Holders of Public Office. Persons elected or appointed to public office for a specified time shall not be eligible to active membership in this club under the classification of such office but will be eligible for active membership based on a classification not directly related to the elected or appointed public office. This restriction shall not apply to persons holding positions or offices in schools, colleges or other institutions of learning or to persons who are elected or appointed to the judiciary. Members who are elected or appointed to public office for a specified period may continue as such members in their existing classifications during the period in which they hold such office.

Section 9 —Rotary International Employment. This club may retain in its membership any member employed by RI.

Article VII Classifications

Section 1 — General Provisions.

(a) *Principal Activity.* Each member shall be classified in accordance with the member's business or profession. The classification shall be that which describes the principal and recognized activity of the firm, company or institution with which the member is connected or that which describes the member's principal and recognized business or professional activity.

(b) *Correction or Adjustment.* If the circumstances warrant, the board may correct or adjust the classification of any member. Notice of a proposed correction or adjustment shall be provided to the member and the member shall be allowed a hearing thereon.

Section 2 — Limitations. This club shall not elect a person to active membership from a classification if the club already has five or more members from that classification, unless the club has more than 50 members, in which case, the club may elect a person to active membership in a classification so long as it will not result in the classification making up more than 10% of the club's active membership. Members who are retired shall not be included in the total number of members from a classification. If a member changes classification, the club may continue the member's membership under the new classification notwithstanding these limitations.

Article VIII Attendance

Section 1 — General Provisions. Each member should attend this club's regular meetings. A member shall be counted as attending a regular meeting if the member is

present for at least 60% of the meeting, or is present and is called away unexpectedly and subsequently produces evidence to the satisfaction of the board that such action was reasonable, or makes up for an absence in any of the following ways:

(a) *14 Days Before or After the Meeting.* If, within fourteen (14) days before or after the regular time for that meeting, the member

- (1) attends at least 60% of the regular meeting of another club or of a provisional club; or
- (2) attends a regular meeting of a Rotaract or Interact club or Rotary Community Corps or of a provisional Rotaract or Interact club or Rotary Community Corps; or
- (3) attends a convention of RI, a council on legislation, an international assembly, a Rotary institute for past and present officers of RI, a Rotary institute for past, present, and incoming officers of RI, or any other meeting convened with the approval of the board of directors of RI or the president of RI acting on behalf of the board of directors of RI, a Rotary multizone conference, a meeting of a committee of RI, a Rotary district conference, a Rotary district assembly, any district meeting held by direction of the board of directors of RI, any district committee meeting held by direction of the district governor, or a regularly announced intercity meeting of Rotary clubs; or
- (4) is present at the usual time and place of a regular meeting of another club for the purpose of attending such meeting, but that club is not meeting at that time or place; or
- (5) attends and participates in a club service project or a club-sponsored community event or meeting authorized by the board; or
- (6) attends a board meeting or, if authorized by the board, a meeting of a service committee to which the member is assigned.

When a member is outside the member's country of residence for more than fourteen (14) days, the time restriction shall not be imposed so that the member may attend meetings in another country at any time during the travel period, and each such attendance shall count as a valid make-up for any regular meeting missed during the member's time abroad.

(b) *At the Time of the Meeting.* If, at the time of the meeting, the member is (1) traveling with reasonable directness to or from one of the meetings specified in sub-subsection (a) (3) of this section; or

- (2) serving as an officer or member of a committee of RI, or a trustee of The Rotary Foundation; or
- (3) serving as the special representative of the district governor in the formation of a new club; or
- (4) on Rotary business in the employ of RI; or
- (5) directly and actively engaged in a district-sponsored or a RI or Rotary Foundation-sponsored service project in a remote area where making up attendance is impossible; or
- (6) engaged in Rotary business duly authorized by the board which precludes attendance at the meeting.

(c) *Extended Absence on Outposted Assignment.* If the member, while working within the member's own country of residence for an extended period on an outposted assignment and with the mutual agreement of the member's club and a designated club, attends meetings of the designated club.

Section 2 — *Excused Absences.* A member's absence shall be excused if (a) the absence complies with the conditions and under circumstances approved by the board. The board may excuse a member's absence for reasons which it considers to be good and sufficient.

(b) the aggregate of the member's years of age and years of membership in one or more clubs is 85 years or more and the member has notified the club secretary in writing of the member's desire to be excused from attendance and the board has approved.

Section 3 — *RI Officers' Absences.* A member's absence shall be excused if the member is a current officer of RI.

Section 4 — *Attendance Records.* Any member whose absences are excused under the provisions of subsection (b) of section 2 of this article shall not be included in the membership figure used to compute this club's attendance nor shall such absences or attendances be used for that purpose.

Article IX Directors and Officers

Section 1 — *Governing Body.* The governing body of this club shall be the board constituted as the bylaws may provide.

Section 2 — *Authority.* The board shall have general control over all officers and committees and, for good cause, may declare any office vacant.

Section 3 -- *Board Action Final.* The decision of the board in all club matters is final, subject only to an appeal to the club. However, as to a decision to terminate membership, a member, pursuant to article XI, section 6, may either appeal to the club or request arbitration. If appealed, a decision of the board shall be reversed only by a two-thirds vote of the members present, at a regular meeting specified by the board, provided a quorum is present and notice of the appeal has been given by the secretary to each member at least five (5) days prior to the meeting. If an appeal is taken, the action taken by the club shall be final.

Section 4 — *Officers and Board.* The club officers shall be a president, president-elect, secretary, and treasurer. The club shall also elect four (4) directors, whom together with the officers and the immediate past president shall constitute the board. Effective July 1, 2020, the club officers shall be a president, president-elect, president-nominee, secretary, and treasurer. The club shall also elect three (3) directors, whom together with the officers and the immediate past president shall constitute the board.

Section 5 — *Election of Officers and Directors*

(a) *Terms of Officers other than President.* Each officer and director shall be elected as provided in the bylaws. Except for the president, each officer shall take office on July 1 immediately following election and shall serve for the term of office or until a successor has been duly elected and qualified.

(b) *Term of President.* The president shall be elected as provided in the bylaws, not more than two (2) years but not less than eighteen (18) months prior to the day of taking office. The president shall serve as president-elect for the year immediately preceding the year as president. The president shall take office on July 1st and shall serve for a period of one (1) year or until a successor has been duly elected and qualified.

(c) *Qualifications.* Each officer and director shall be a member in good standing of this club. The president-elect shall attend the district presidents-elect training seminar and the district assembly unless excused by the governor-elect. If so excused, the president-elect shall send a designated club representative who shall report back to the president-elect.

Article X Admission Fees and Dues

Every member shall pay an admission fee and annual dues as prescribed in the bylaws, except that any transferring or former member of another club who is accepted into membership of this club pursuant to article VI, section 4 shall not be required to pay a second admission fee.

Article XI Duration of Membership

Section 1 — *Period.* Membership shall continue during the existence of this club unless terminated as hereinafter provided.

Section 2 — *Automatic Termination.*

(a) *Membership Qualifications.* Membership shall automatically terminate when a member no longer meets the membership qualifications, except that:

(1) the board may grant a member moving from the locality of this club or the surrounding area a special leave of absence not to exceed one (1) year to enable the member to visit and become known to a Rotary club in the new community if the member is still active in the same classification and continues to meet all other conditions of club membership;

(2) the board may allow a member moving from the locality of this club or the surrounding area to retain membership if the member remains active in the same classification and continues to meet all other conditions of club membership; and

(3) a member whose classification is lost without default of the member may retain such classification and be granted a special leave of absence not to exceed one (1) year to enable the member to obtain new employment in the current or a new classification. Such member must continue to meet all other conditions of club membership. Termination of membership would take effect only at the end of the period of leave granted to the member

(b) *How to Rejoin.* When the membership of a member has terminated as provided in subsection (a) of this section, such person may make new application for membership, under the same or another classification. A second admission fee shall not be required.

(c) *Termination of Honorary Membership.* Honorary membership shall automatically terminate at the end of the term for such membership as determined by the board.

However, the board may extend an honorary membership for an additional period. The board may revoke an honorary membership at any time.

Section 3 — Termination — Non-Payment of Dues.

(a) *Process.* Any member failing to pay dues within thirty (30) days after two quarters of unpaid dues shall be notified in writing by the secretary at the member's last known address. If the dues are not paid on or before ten (10) days of the date of notification, membership shall be automatically terminated.

(b) *Reinstatement.* The board may reinstate the former member to membership upon the former member's petition and payment of all indebtedness to this club.

However, no former member may be reinstated to active membership if the former member's classification has been filled.

Section 4 — Termination — Non-Attendance.

(a) *Attendance Percentages.* A member must

(1) attend or make up at least 60% of club regular meetings in each half of the year;

(2) attend at least 30% of this club's regular meetings in each half of the year. If a member fails to attend as required, the member's membership shall be subject to termination unless the board consents to such non-attendance for good cause. (b)

Consecutive Absences. Unless otherwise excused by the board for good and sufficient reason or pursuant to article VIII, sections 2 or 3, each member who fails to attend or make up four consecutive regular meetings, shall be informed by the board that the member's non-attendance may be considered a request to terminate membership in this club. Thereafter, the board, by a majority vote, may terminate the member's membership.

Section 5 — Termination -- Other Causes.

(a) *Good Cause.* The board may terminate the membership of any member who ceases to have the qualifications for membership in this club or for any good cause by a vote of not less than two-thirds of the board members, at a meeting called for that purpose.

(b) *Notice.* Prior to taking any action under subsection (a) of this section, the member shall be given at least ten (10) days written notice of such pending action and an opportunity to submit a written answer to the board. The member shall have the right to appear before the board to state the member's case. Notice shall be by personal delivery or by registered letter to the member's last known address. (c)

Filling Classification. When the board has terminated the membership of a member

as provided for in this section, this club shall not elect a new member under the former member's classification until the time for hearing any appeal has expired and the decision of this club or of the arbitrators has been announced.

Section 6 --- *Right to Appeal or Arbitrate Termination.*

(a) *Notice.* Within seven (7) days after the date of the board's decision to terminate membership, the secretary shall give written notice of the decision to the member. Within fourteen (14) days after the date of the notice, the member may give written notice to the secretary of the intention either to appeal to the club or to arbitrate as provided in article XV.

(b) *Date for Hearing of Appeal.* In the event of an appeal, the board shall set a date for the hearing of the appeal at a regular club meeting to be held within twenty-one (21) days after receipt of the notice of appeal. At least five (5) days' written notice of the meeting and its special business shall be given to every member. Only members shall be present when the appeal is heard.

(c) *Arbitration.* In the event of a request for arbitration, each party shall appoint an arbitrator and the arbitrators shall appoint an umpire. Only a member of a Rotary club may be appointed as umpire or as arbitrator.

(d) *Appeal.* If an appeal is taken, the action of the club shall be final and binding on all parties and shall not be subject to arbitration.

(e) *Decision of Arbitrators or Umpire.* If arbitration is requested, the decision reached by the arbitrators, or, if they disagree, by the umpire shall be final and binding on all parties and shall not be subject to appeal.

Section 7 -- *Board Action Final.* Board action shall be final if no appeal to this club is taken and no arbitration is requested.

Section 8 — *Resignation.* The resignation of any member from this club shall be in writing, addressed to the president or secretary. The resignation shall be accepted by the board if the member has no indebtedness to this club.

Section 9 — *Forfeiture of Property Interest.* Any person whose club membership has been terminated in any manner shall forfeit all interest in any funds or other property belonging to this club.

Article XII Community, National and International Affairs

Section 1 — *Proper Subjects.* The merits of any public question involving the general welfare of the community, the nation and the world are of concern to the members of this club and shall be proper subjects of fair and informed study and discussion at a club meeting for the enlightenment of its members in forming their individual opinions. However, this club shall not express an opinion on any pending controversial public measure.

Section 2 — *No Endorsements.* This club shall not endorse or recommend any candidate for public office and shall not discuss at any club meeting the merits or demerits of any such candidate.

Section 3 — *Non-Political.*

(a) *Resolutions and Opinions.* This club shall neither adopt nor circulate resolutions or opinions, and shall not take action dealing with world affairs or international policies of a political nature.

(b) *Appeals.* This club shall not direct appeals to clubs, peoples or governments, or circulate letters, speeches, or proposed plans for the solution of specific international problems of a political nature.

Section 4 — *Recognizing Rotary's Beginning.*

The week of the anniversary of Rotary's founding (February 23, 1905) shall be known as World Understanding and Peace Week. During this week, this club will celebrate Rotary service, reflect upon past achievements and focus on programs of peace, understanding and goodwill in the community and throughout the world.

Article XIII Rotary Magazines

Section 1 — *Mandatory Subscription.* Unless, in accordance with the bylaws of RI, this club is excused by the board of directors of RI from complying with the provisions of this article, each member shall, for the duration of membership, subscribe to the official magazine or to the magazine approved and prescribed for this club by the board of directors of RI. The subscription shall be paid in six (6) month periods for the duration of membership in this club and to the end of any six (6) month period during which membership may terminate.

Section 2 — *Subscription Collection.* The subscription shall be collected by this club from each member semiannually in advance and remitted to the Secretariat of RI or to the office of such regional publications as may be determined by the board of directors of RI.

Article XIV Acceptance of Object and Compliance with Constitution and Bylaws

By payment of an admission fee and dues, a member accepts the principles of Rotary as expressed in its object and submits to and agrees to comply with and be bound by the constitution and bylaws of this club, and on these conditions alone is entitled to the privileges of this club. Each member shall be subject to the terms of the constitution and bylaws regardless of whether such member has received copies of them.

Article XV Arbitration

Should any dispute, other than as to a decision of the board, arise between any current or former member(s), and this club, any club officer or the board, on any account whatsoever which cannot be settled under the procedure already provided for such purpose, the dispute shall be settled, upon a request to the secretary by any of the disputants, by arbitration. The procedure utilized for such arbitration shall be as provided in article XI, section 6, subsections (c) and (e).

Article XVI Bylaws

This club shall adopt bylaws not inconsistent with the constitution and bylaws of RI, with the rules of procedure for an administrative territorial unit where established by RI, and with this constitution, embodying additional provisions for the government of this club. Such bylaws may be amended from time to time as therein provided.

Article XVII Interpretation

Throughout this constitution, the terminology “mail,” “mailing” and “ballot-by-mail” will include utilization of electronic mail (e-mail) and internet technology to reduce costs and increase responsiveness.

Article XVIII Amendments

Section 1 — *Manner of Amending.* Except as provided in section 2 of this article, this constitution may be amended only by the council on legislation in the same manner as is established in the bylaws of RI for the amendment of its bylaws.

Section 2 — *Amending Article II and Article III.* Article II and Article III of the constitution shall be amended at any regular meeting of this club, a quorum being present by the affirmative vote of a majority of members present and voting, provided that notice of such proposed amendment shall have been mailed to each member at least ten (10) days before such meeting, and provided further, that such amendment shall be submitted to the board of directors of RI for its approval and shall become effective only

when so approved. □

Bylaws of the Rotary Club of Lake in the Hills, IL

Article I: Election of Directors and Officers

Section 1 — On or prior to the first regular meeting in the month of October, the President shall appoint a three member nominating committee, whose duty shall be to screen for eligibility all the candidates for the offices of president, president elect, secretary, treasurer, and four members of the board of directors. To be eligible to hold office as a Director or Officer of the club, a member must:

- (a) Be current in dues;
- (b) Must have, at a minimum, for the immediate past 12 months an attendance record (attend or makeup) at least 60% of Rotary meetings and at a minimum, attend at least 30% of this club's regular meetings or official activities/projects in the previous 12 months.
- (c) EXCEPTION: A member may submit a written request for an exception to the above attendance requirements. The Board will consider each request on a case by case basis and may grant an exception if they determine there were exigent circumstances present, beyond the control of the member that prevented the member from meeting the attendance requirement. Such requests, and any action by the Board on said request, must take place prior to November 1.
- (d) No person who holds a position in the club leadership line will be eligible to hold another position on the Board of Directors at the same time. Club leadership line positions are defined as President-Nominee, President-Elect, President and Immediate Past President. This requirement will become effective July 1, 2019.

At the first regular meeting in the month of November, the President shall ask for the slate of eligible candidates from the nominating committee. The nominations duly made as well as any nominations from the floor shall then be placed on a ballot in alphabetical order under each office and shall be voted for at the annual meeting which shall be the first regular meeting in the month of December. The completed ballot will then be emailed to all club members via ClubRunner seven (7) days before the first regular meeting in the month of December. Members may cast their ballot via email from the date of receipt of the ballot up until two (2) hours prior to the start of first regular meeting in December. Members may cast their ballot by completing the ballot choices and delivering the completed ballot to the President either electronically or in person. The candidates for president, president-elect, secretary, and treasurer receiving a majority of the votes shall be declared elected to their respective offices. The four candidates for director receiving a majority of the votes shall be declared elected as directors. The president elect shall serve as vice president in the president's absence, and assume office as president on the first day of July immediately following the year of service on the board as president-elect.

Section 2 — The officers and directors, so elected, together with the immediate past president shall constitute the board of directors. Within one week after their election, the board of directors-elect shall designate a member to serve as sergeant-at-arms.

Section 3 — A vacancy in the board of directors or in a board member elect shall be filled by action of the members of the board when the vacancy is created.

Article II Board of Directors

The governing body of this club shall be the board of directors consisting of nine members of this club, namely, three directors elected in accordance with article I, section 1, of these bylaws, the president, president-elect/vice-president, president-nominee, secretary, treasurer, and the immediate past president.

Article III Duties of Officers

Section 1 — *President*. It shall be the duty of the president to preside at meetings of the club and board and to perform such other duties as ordinarily pertain to the office of president.

Section 2 — *President-elect/Vice-President*. It shall be the duty of the vice-president to preside at meetings of the club and board in the absence of the president and to perform such other duties as ordinarily pertain to the office of vice-president.

Section 3 — *Secretary*. It shall be the duty of the secretary to keep the records of membership, record the attendance at meetings, send out notices of meetings of the club, board and committees, record and preserve the minutes of such meetings, make the required reports to RI, including the semiannual reports of membership, which shall be made to the general secretary of RI on January 1st and July 1st of each year, and including prorated reports to the general secretary on 1 October and 1 April of each active member who has been elected to membership in the club since the start of the July or January semiannual reporting period, the report of changes in membership, which shall be made to the general secretary of RI, the monthly report of attendance at the club meetings, which shall be made to the district governor within 15 days of the last meeting of the month, collect and remit to RI subscriptions to *THE ROTARIAN*, and perform such other duties as usually pertain to the office of secretary.

Section 4 — *Treasurer*. It shall be the duty of the treasurer to have custody of all funds, accounting for same to the club annually and at any other time upon demand by the board and to perform such other duties as pertain to the office of treasurer. Upon retirement from office, the treasurer shall turn over to the incoming treasurer or to the president all funds, books of accounts or any other club property.

Article IV Meetings

Section 1 — *Annual Meeting*. An annual meeting of this club shall be held on the first regular meeting in December, at which time the election of officers and directors to serve for the ensuing year shall take place.

Section 2 — The regular weekly meetings of this club shall be held on Wednesday's at noon. Due notice of any changes in or canceling of the regular meeting shall be given to all members of the club. All members excepting an honorary member (or member excused by the board of directors of this club, pursuant to article VIII, section 2 (b) of the standard Rotary club constitution) in good standing in this club, on the day of the regular meeting, must be counted as present or absent, and attendance must be evidenced by the member's being present for at least sixty (60) percent of the time devoted to the regular meeting, either at this club or at any other Rotary club, or as otherwise provided in the standard Rotary club constitution, article VIII, section 1.

Section 3 — One-third of the membership shall constitute a quorum at the annual and regular meetings of this club.

Section 4 — Regular and Special meetings of the board shall be held on dates and times as selected by the president.

Section 5 — A majority of the board members shall constitute a quorum of the board.

Article V Membership Dues and Meal Expenses.

The membership dues consisting of foundation pledge, Rotarian magazine subscription, international and district dues, and meal expenses shall be \$600.00 per year, payable in quarterly installments. Shared Member dues shall be consisting of international and district dues shall be \$150.00 per year payable in quarterly installments. Members who serve in a leadership position at the District level shall pay dues equal to one-third of the annual membership dues for an active member for the year they serve in said position. Leadership position is defined as a District Executive, Officer, Director and Assistant Governor, as identified in the written District Organizational structure.

Article VI Method of Voting

The business of this club shall be transacted by *viva voce* vote except the election of officers and directors, which shall be by ballot.

Article VII Committees

Section 1 – The president-elect nominee, president-elect/vice president, president, and immediate past president (referred to as the President's Development Team) should work together to ensure continuity of leadership and succession planning. Each of the four directors and the immediate past president shall be appointed to chair one committee.

Section 2 –

(a) The president shall be *ex officio* a member of all committees and, as such, shall have all the privileges of membership thereon.

(b) Each committee shall transact its business as is delegated to it in these bylaws and such additional business as may be referred to it by the president or the board. Except where special authority is given by the board, such committees shall not take action until a report has been made and approved by the board.

(c) Each chair shall be responsible for regular meetings and activities of the committee, shall supervise and coordinate the work of the committee, and shall report to the board on all committee activities.

Section 3 —

Club committees are charged with carrying out the annual and long-range strategic goals of the club. The president shall, subject to the approval of the board, appoint the following standing committees:

Membership committee
Public Image committee
Administration committee Service
Projects committee Rotary
Foundation Committee.

Section 2 — *Committee Responsibilities.*

- **Membership**
This committee should develop and implement a comprehensive plan for the recruitment and retention of members.
- **Public Image**
This committee should develop and implement plans to provide the public with information about Rotary and to promote the club's service projects and activities.
- **Administration**
This committee should conduct activities associated with the effective operation of the club.
- **Service Projects**
This committee should develop and implement educational, humanitarian, and vocational projects that address the needs of its community and communities in other countries.
- **The Rotary Foundation**
This committee should develop and implement plans to support The Rotary Foundation through both financial contributions and program participation.

Additional ad hoc committees may be appointed as needed.

Article VIII Duties of Committees

The duties of all committees shall be established and reviewed by the president for his or her year. In declaring the duties of each, the president shall reference appropriate RI materials and the Avenues of Service when developing plans for the year.

Each committee shall have a specific mandate, clearly defined goals, and action plans established by the beginning of each year for implementation during the course of the year. It shall be the primary responsibility of the president-elect to provide the necessary leadership to prepare a recommendation for club committees, mandates, goals, and plans for presentation to the board in advance of the commencement of the year as noted above.

Article IX Leave of Absence

Upon written application to the board, setting forth good and sufficient cause, leave of absence may be granted by the board of directors excusing a member from attending the meetings of the club for a specified length of time. The maximum period of time that a leave of absence may be granted is 90 days in a calendar year. During the leave of absence period, the member shall be responsible for the payment of membership dues as outlined in Article V.

Article X Finances

Section 1 — The Treasurer shall be responsible for maintaining the financial records and operations of the club in accordance with the Financial Management Manual which are attached as exhibit and incorporated as a part of the Bylaws of this organization.

Section 2 — The fiscal year of this club shall extend from July 1st to June 30th, and for the collection of members' dues shall be divided into quarterly installments.

Article XI Method of Electing Members

Section 1 — The name of a prospective member, proposed by an active member of the club, shall be submitted to the board in writing, through the club secretary. A transferring or former member of another club may be proposed to active membership by the former club. The proposal for the time being shall be kept confidential except as otherwise provided in this procedure.

Section 2 — The board shall ensure that the proposal meets all the classification and membership requirements of the club constitution.

Section 3 — The board shall approve or disapprove the proposal within 30 days of its submission, and shall notify the proposer, through the club secretary, of its decision.

Section 4 — If the decision of the board is favorable, the prospective member shall be informed of the purposes of Rotary and of the privileges and responsibilities of membership, following which the prospective member shall be requested to sign the membership proposal form and to permit his or her name and proposed classification to be published to the club.

Section 5 — If no written objection to the proposal, stating reasons, is received by the board from any member (other than honorary) of the club within seven (7) days following publication of information about the prospective member, that person, upon payment of the admission fee (if not honorary membership), as prescribed in these bylaws, shall be considered to be elected to membership. If any such objection has been filed with the board, it shall vote on this matter at its next meeting. If approved despite the objection, the proposed member, upon payment of the admission fee (if not honorary membership), shall be considered to be elected to membership.

Section 6 — Following the election, the president shall arrange for the induction of the new member; the club secretary shall issue a membership card and shall report the new member to RI; and the Rotary information committee shall provide appropriate literature for presentation at the induction and assign a member to assist in the assimilation of the new member.

Article XII Resolutions

No resolution or motion to commit this club on any matter shall be considered by the club until it has been considered by the board. Such resolutions or motions, if offered at a club meeting, shall be referred to the board without discussion.

Article XIII Order of Business Meeting called to order.

Pledge of Allegiance

Invocation

Four Way Test

Introduction of visiting Rotarians.

Correspondence and announcements.

Committee reports if any.

Any unfinished business.

Any new business.

Address or other program features.

Adjournment.

Article XIV Amendments

These bylaws may be amended at any regular meeting, a quorum being present, by a two thirds vote of all members present, provided that notice of such proposed amendment shall have been mailed to each member at least ten (10) days before such meeting. No

amendment or addition to these bylaws can be made which is not in harmony with the club constitution and with the constitution and bylaws of RI.

EXHIBIT A

Lake in the Hills Rotary Club

FINANCIAL MANAGEMENT MANUAL

Approved March 20, 2013

I. OVERVIEW

A. Purpose

The purpose of this manual is to describe the financial accounting policies and procedures of the Rotary Club of Lake in the Hills, IL (Club). The manual also details the internal controls and specific methods to safeguard the Club's assets, check the accuracy and

reliability of recorded accounting data, and promote efficiency in the accounting operations.

B. Basic Principles

It is Club's policy to maintain good accounting records based on generally accepted accounting principles for not-for-profit Clubs. In particular, the Club shall comply with all laws and regulations governing the financial affairs of Not For Profit Corporations in the State of Illinois. Financial records are maintained by the club's Treasurer, and reports are prepared on a cash basis.

Accurate accounting and financial reporting within the Club are integral to providing the necessary information for budgeting, planning, and club management responsibilities. To achieve this, the Club's financial management and reporting systems are constructed so that:

- each funding source is individually identified and individual expenses are coded in a manner to ensure that the expense is charged to the correct funding source;
- costs are treated consistently with Club's written policies and procedures and are applied uniformly;
- all payments are based on fully supporting documentation;
- all financial records are supported by source documentation;
- reports can compare actual expenditures with planned expenditures.

Club Members who have access to Club funds in any form must follow the prescribed procedures for recording, handling, and protecting money as detailed in this document. Specifically, these members shall:

- Act with honesty and integrity, avoiding actual or apparent conflicts of interest in personal and professional relationships.
- Provide information that is accurate, complete, objective, relevant, timely, and understandable. • Comply with laws, rules and regulations of federal, state, and local governments.
- Act in good faith; responsibly; and with due care, competence, and diligence, without misrepresenting material facts or allowing one's independent judgment to be subordinated.

The Club imposes strict standards to prevent fraud and dishonesty. If members become aware of any evidence of fraud and dishonesty, they should immediately advise the Board of Directors, so that the Club can promptly investigate further. When spending Club

funds or incurring any reimbursable personal expenses, individuals must use good judgment on the Club's behalf to ensure that good value is received for every expenditure.

Club funds and all other assets of the Club are for Club purposes only and not for personal benefit. This includes the personal use of Club assets.

Accurate and reliable records of many kinds are necessary to meet the Club's legal and financial obligations and to manage the affairs of the Club. The Club's books and records must reflect in an accurate and timely manner all business transactions. The Treasurer must fully disclose and record all assets, liabilities, or both, and must exercise diligence in enforcing these requirements.

Club members must not make or engage in any false record or communication of any kind, whether internal or external, including but not limited to: (a) false expense, attendance, production, financial, or similar reports and statements, or (b) false advertising, deceptive marketing practices, or other misleading representations.

Within the Treasurer's financial management and reporting system, a number of checks and balances have been established. Given the small size of the Club, there are limitations in the ability to provide a complete separation of duties and responsibilities. However, through the combination of a sound accounting system and regular oversight by the Board of Directors, the Treasurer can achieve sufficient separation of duties and responsibilities.

II. CHART OF ACCOUNTS

The Club's accounting system shall ensure that all expenditures are properly recorded and assigned to the appropriate account. The Treasurer shall develop a chart of accounts that will categorize expenditures in an organized fashion.

III. CASH

MANAGEMENT A. Cash

Only cash necessary to meet anticipated day-to-day expenditures plus a reasonable cushion for emergencies shall be kept available. Any excess cash may be invested in a liquid, income-producing instrument, as approved by the Board of Directors.

The Club will maintain a bank balance sufficient for its immediate operating needs.

Cash disbursement (check payments) must be released according to invoice terms and on a timely basis. Invoices are paid in full to avoid incurring any interest penalty.

The following are policies that shall be followed for handling cash that consists of coin and currency:

- A minimum of the Treasurer and one other board member shall be responsible for overseeing the counting, reconciling and depositing of cash. If the Treasurer is absent, he/she may designate two or more Board Members to handle or oversee the process.
- All cash collected shall be deposited at the bank on the same day it is counted. In no event shall any cash be stored for safe keeping at a club member's house, business, etc.

The Club does not maintain a petty cash fund.

B. Bank Accounts

A separate general ledger account is maintained for each bank account. A separate bank account may be opened as deemed necessary by the Treasurer subject to the approval of the Board of Directors.

The accountant will, as necessary, review all open bank accounts and make recommendations to the board of directors for any account that should be closed.

Bank accounts are normally maintained in interest bearing accounts, unless account requirements dictate otherwise

Bank account balances shall be kept under \$250,000 to qualify for FDIC insurance.

C. Cash Receipts

All cash and checks received must be recorded in the club's electronic accounting system.

The accounting system must include the date, name of sender, amount, and purpose of all checks received. All cash and checks received must be deposited promptly; preferably, within one or two business days.

IV. CHECK PROCESSING

A. Authorized Check Signers

The Treasurer shall receive and disperse funds in accordance with the policies approved by the Board of Directors and the bylaws of the Club.

B. Payment Procedures

Each check to be signed must be accompanied by original supporting documentation along with a request for payment voucher signed by two members of the Board of Directors. The Treasurer shall ensure that the original supporting documents, including invoices, are maintained in the Club's files. Invoices must be paid according to invoice terms and are processed on a timely basis to ensure continued good relationships with vendors.

Checks will not be made payable to “bearer,” “cash,” or some other unidentifiable entity.

Blank checks will not be signed and left blank to be filled in later by a third party.

Payment must be made only from facsimile of or original invoices. No payment will be made based on vendor statements.

V. BANK ACCOUNT MANAGEMENT

A. Bank Statement and Reconciliation

All bank statements are sent to Club and opened by the Treasurer. Bank reconciliation shall be performed by the Treasurer on a monthly basis. Reconciliations must agree with the general ledger.

The Treasurer will review all outstanding checks on a monthly basis. For those outstanding more than two months, the Treasurer shall call the payee to ascertain the status of the payment. The Treasurer will continue to call the payee until the check is deposited, and if a check is still outstanding after six months, the Treasurer will contact the bank and place a stop order on the check.

B. Check Control

Checks are kept under lock, and physical access to unissued checks is restricted to the Treasurer. All bank processed checks will be maintained in numerical sequence.

C. Voided Checks

A check will be voided when it has been found that the check was issued in error (e.g., wrong amount or wrong vendor).

Voided checks will be marked “VOID” in large letters. All voided checks will be numerically sequenced with the bank processed, cancelled checks.

The check register in the electronic accounting system will be updated to identify the check number of any cancelled checks.

Once the bank has been notified to place a stop order on any check, then that check number must be voided within the electronic accounting system. If a new check is subsequently issued, then a cross-reference will be made to the cancelled check.

VI. DEBIT CARD USE

A. The Club uses a debit card and the only authorized user is the Treasurer. From time to time the Treasurer may designate another club member to use the card for a specific purpose.

VII. CLOSE-OUT

A. Monthly & Year End

Prior to month end close-out, all accounting transactions, including journal vouchers, will be posted. The Treasurer shall update all accounting files and reports. On an annual basis, the Treasurer with assistance from the accountant, will prepare the necessary yearend financial reports and submit all state and federal reports by their due date.

VIII. AUDIT

The Board of Directors may retain the services of a qualified accounting firm to conduct an annual financial audit or during the period that a new Treasurer is elected to office.

IX. FIXED ASSETS

Records of fixed assets (having a useful life of more than one year and an acquisition cost of more than \$750) shall be maintained by the treasurer.

X. INTERNAL CONTROL

It is the Club's policy to have a system of checks and balances in all of its operations. To safeguard the Club's assets, check the accuracy and reliability of recorded accounting data, and promote efficiency in the accounting operations, the following non-financial internal controls have been instituted:

- Club loaned property must be documented and approved by the Board of Directors.
- Inventories are taken once per year.

To safeguard the Club's assets, check the accuracy and reliability of recorded accounting data, and promote efficiency in the accounting operations, the following financial internal controls have been instituted:

- The same person cannot approve a check request and sign a check.
- A log is used to record all checks received.

XI. BUDGETS

A. Annual Budget

The Club President-elect shall prepare by June 1st an operating budget for the following club fiscal year (July 1 to June 30) and present it to the Board of Directors for their review and approval. The budget will include a discussion and presentation of the Club's internal operations, as well as the plans for the coming year.