



Minutes of the 2009-2010 Executive Committee
Costa Mesa, California
November 9-10, 2009

The 2009-2010 Executive Committee met on November 9-10, 2009, with President Gary Schmidt, DTM, presiding. The other officers present were: Senior Vice President Pat Johnson, DTM; Second Vice President Michael Notaro, DTM; Third Vice President John Lau, DTM; and Immediate Past President Jana Barnhill, DTM, AS. Executive Director Daniel Rex, Deputy Executive Director Beverly Wallace, Nonprofit General Counsel Greg Colvin and Director of Communications Sally Newell Cohen were also present.

1. The Committee received presentations from investment managers Capital Guardian and MorganStanley SmithBarney. The Committee directed staff to review and propose any needed amendments to the Investment Policy for consideration at the February 2010 Board meeting, and to consider whether any change in investment managers is warranted.
2. The Committee was informed about the preparation of IRS Form 990, the organization's annual tax return due on November 16, 2009, and authorized the Executive Director to finalize the return and file it, relying upon legal and accounting advice. The Committee also reviewed the organization's compliance with United States tax laws regarding the reporting of foreign bank accounts and corrective action to be taken. In future years, the Committee will review Form 990 prior to filing.

In addition, each year, the organization's financial statements are audited by a firm selected by the Audit Committee. The Committee recommended that Policies and Procedures Section V 7 be amended (as attached) to strike the words "at its February meeting" from the sentence requiring that the audit report be provided to the board, to be replaced by "before it is made public.". The Committee directed staff to draft improved policy and protocol for districts on their financial reporting responsibilities for review at the February 2010 Board meeting.

3. Regarding the choice of the organization's accounting firm for tax and audit services, the Committee directed staff to issue Requests for Proposal for the 2009 year to at least three firms and to work with the Audit Committee to make the final selection before the close of December 2009.
4. The Committee reviewed and discussed the 2009 International Convention survey. The Committee confirmed the Executive Director's selection of the Hilton Bonnet Creek, Orlando, Florida for the 2012 Convention.

5. The Committee reviewed progress to date in the implementation of Global Representation and Support, Proposal A approved at the August 2009 Annual Business Meeting.
6. The Committee discussed the need to refresh Toastmasters International branding and reviewed the proposal for work to be performed by Innovation Protocol.
7. The Committee reviewed the annual conflict of interest disclosure forms submitted by the officers, directors, and key employees. No issues requiring Committee deliberation were found.
8. The Committee discussed the need to define and distinguish Board policy as compared to administrative protocol. The Committee directed staff, working with legal counsel, to organize existing policies and corresponding documents of lesser authority and provide examples to the Board in February 2010.
9. The Committee reviewed and approved the district signatories for bank accounts, and recommended an amendment to the policy on District Fiscal Management, Policy and Procedures Section VI D 6 (as attached) to enable the Executive Committee to approve future district signatories by unanimous written consent.
10. The Committee reviewed a request to reform District 85 and declined to approve reformation at this time.
11. The Committee discussed development of a new recognition program model. The Committee recommended that the Distinguished Club Program (DCP) remain unchanged, but encouraged a "clean slate" re-evaluation of the other distinguished programs and recommended alignment of the district, division and area recognition programs with the DCP. The recognition program discussion will continue with the Board of Directors Committee #1 at the February 2010 meeting.
12. The Committee appointed, subject to confirmation by the Board, Sally Newell Cohen to serve as Secretary/Treasurer of the corporation effective immediately, until the first Board meeting after the Annual Business Meeting in August, 2010, or until her successor is appointed.
13. The Committee reviewed and approved a new appraisal form and timeline for the Executive Director's performance evaluation, for use beginning in February 2010.



The Executive Committee adjourned and reconvened as the Strategic Planning Committee, Jana Barnhill, DTM, AS, presiding officer.

Sally Newell Cohen
Secretary/Treasurer

Distribution: Board of Directors
Nonprofit General Counsel
Executive Director

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Toastmasters International
ORGANIZATION GUIDES

Last Updated: November 10, 2009

AUDITING FIRM

The corporation shall retain the services of a Certified Public Accounting firm of recognized standing on the recommendation of the Executive Director for the purpose of auditing the books of the corporation annually at the close of the *fiscal* year.

The auditing firm's report shall be presented to the Board of Directors before it is made public.

A condensed form of the auditors' report consisting of a statement of financial position, together with a statement of activities unrestricted, shall be published in *The Toastmaster* magazine annually.

The auditing firm may act as consultants to the Executive Committee on budgets and budget procedures upon request.

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Toastmasters International
POLICIES AND PROCEDURES

Origin Date: October 26, 1962

Last Updated: February 11, 2010

DISTRICT FISCAL MANAGEMENT

The intent of this policy bulletin is to outline the use of district funds consistent with the district mission.

Purpose and Ownership of District Funds

All district funds, regardless of the source of these funds, are Toastmasters International funds. These funds are to be used to carry out the mission of Toastmasters International and the mission of the district.

These funds are to be used by districts in ways which benefit the members of Toastmasters International within the district, and promote education, growth and development of membership and new clubs. In order to protect Toastmasters International should the need arise, the Executive Committee of Toastmasters International is authorized to direct World Headquarters to withhold funds available to a district and/or assume financial control of a district.

District Funding Priorities

To guide districts in preparing a budget and allocating funds, the following priorities are established. District funds may be used only for:

1. District and club officer training.
2. Club extension.
3. Club rescue.
4. Supporting clubs in their membership growth efforts.
5. Promotion of Toastmasters International educational programs within clubs.
6. Communication within the district, including district bulletins, directories, newsletters, web sites, etc.
7. Administrative supplies and district management materials.
8. Awards and recognition.

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9. Authorized district officer travel to officially recognized events: mid-year trainings and the International Convention in August. District funds cannot be used for any other meetings outside the district.
10. District conferences, other district meetings and speech contests.

When districts prepare a budget and allocate funds, they shall treat the first item on this list as the most important when compared to the others and allocate sufficient funds to it. Then, the second item on the list shall be considered for funding before the remaining items and so on. Items at the beginning of the list may not receive the most funds, but should receive sufficient funds before considering allocations for remaining items.

Ownership and Transfer of District Records

All district funds, bank statements, canceled checks, and any other financial records are the property of the district administration in office and Toastmasters International.

Such funds and records shall be delivered to the new district treasurer or new district governor no later than July 1 of the new district administrative year, however, the district should start the process early to ensure a smooth transition.

The outgoing district treasurer and the outgoing district governor may retain copies of any records necessary to complete the district year-end audit. Any funds, statements, or other financial documents received after July 1 shall be given immediately to the new district treasurer or new district governor.

Minimum Required in Reserve for Newly Elected District Administrations

In order to ensure initial operating funds for the newly elected district officers in each succeeding administration, no requisition on the account of any district shall be honored which would reduce the balance in the district reserve during the period from April 1 to June 30 to a sum less than 25% of that district's membership dues income for the prior year.

Requirements and Deadlines for Withdrawing Funds From District Reserve Account

A district governor may draw on the available reserve balance only if the following district minimum requirements have been received at World Headquarters:

July 15:

- list of all elected and appointed district officers
- district signature form for withdrawal of district funds
- calendar of district events for the year
- changes in club assignments to areas and/or divisions

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August 31:

- Year-end audit for the preceding district year
- Treasurer's report for the period January 1 through June 30

September 30:

- District Budget. A district's budget must match the District Success Plan and provide full funding in the categories of membership and club extension, and officer training. Therefore, district budget expenses shall be limited as follows:
 - Membership and club extension: no budget limit
 - Communication and public relations: maximum 25 percent of total budget
 - Officer training: maximum 30 percent of total budget
 - Speech contests and awards: maximum 10 percent of total budget
 - Administrative: maximum 20 percent of total budget
 - Travel: maximum 30 percent of total budget
 - Other: maximum 10 percent of total budget

November 15:

- Treasurer's report for the period July 1 through September 30

November 30:

- Financial records for the preceding district year. After the year-end audit has been approved by the district council, the district shall send to World Headquarters the following financial records required by the Internal Revenue Service as soon as possible but no later than November 30: canceled checks, bank statements, paid invoices, records of revenues, cash receipts journals, and cash disbursement journals.

February 15:

- Mid-year Audit for the period July 1 through December 31.

May 15:

- Treasurer's report for the period July 1 through March 31.

If any of these items as described are not received by the required date, no requisition for funds or supply orders being charged against the district reserve account will be honored until the item(s) is received at World Headquarters.

Financial Controls

Districts must also have in place the following financial controls:

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- 1) The estimated district budget must be signed by the district governor, Lt. governor education and training, Lt. governor marketing and treasurer.
- 2) All district checks must be signed by both the district governor and the district treasurer. Checks made payable to the district governor or district treasurer should be signed or approved in writing by a Lt. governor.
- 3) District treasurer's reports, showing variances with explanations, must be provided as follows:
 - a. Monthly reports to the district governor and Lt. governors.
 - b. A treasurer's report presented at each Executive Committee Meeting and each District Council Meeting.
 - c. Reports to World Headquarters for the three months ending September 30, the mid-year audit for the six months ending December 31, the nine months ending March 31, the six months ending June 30, and the year-end audit for the twelve months ending June 30.

All reports are due within 45 days of the end of the month.
- 4) All district expenses must be supported by receipts or documentation. Each check issued by the district must be assigned to a budget line item at the time the check is written.
- 5) All expense reimbursement claims must be approved by the district governor.
- 6) A single expenditure in excess of \$500 must be authorized in writing in advance by the district governor and at least one Lt. governor, in consultation with the district treasurer. Failure to obtain proper authorization could be cause for non-reimbursement by a district to a district officer or individual Toastmaster.
- 7) Receipts are required for all reimbursements. If a receipt is lost, a detailed explanation of the expenditure is required. Mileage reimbursements authorized as part of the district budget require an explanation detailing the date, miles traveled, and reason for the trip(s).
- 8) Reimbursement by a district should be made within 60 days after receipt of an authorized reimbursement request based on the availability of funds. Reimbursement claims should be made within 60 days of incurring the expense or by July 31 for expenses incurred in June. If a district officer or other individual Toastmaster fails to submit a reimbursement claim within 60 days, this could be cause for non-reimbursement by a district.

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- 9) Commingling of district funds with funds in personal accounts, club accounts, or any other accounts is prohibited.
- 10) To avoid the appearance of bias or impropriety, it is recommended that the district governor should not appoint as district treasurer anyone having a significant personal or professional relationship with the district governor.

Division and Area Fiscal Management

If authorized by the district and included as part of the district budget, a division/area may be allocated funds and have its own division budget. Although a division/area may have its own budget, division/area financial activity is subject to the supervision of the district governor and must be included in the quarterly treasurer's reports, mid-year audit, and year end audit submitted by the district to World Headquarters. Monthly division/area treasurer's reports, showing variances with explanations, must be provided to the district governor and Lt. governors within 45 days of the end of the month. Since the funds in division/area bank accounts are district and Toastmasters International funds, these accounts shall have in addition to division/area signatories, the district governor, at least one Lt. governor, and the district treasurer as signatories. The administration of division/area funds is subject to the funding priorities, ownership, financial controls, and all other related provisions contained in this policy.

Fund-Raising by Districts

From time to time, districts may conduct fund-raising activities to offset costs for educational sessions and to raise funds to further the purposes of Toastmasters International. Revenue derived from fund-raising can be used for the training of club and district officers, for seminars or clinics connected with the Toastmasters education program, for the purchase of supplies and educational program materials, and/or to defer the cost of speakers at major events. Toastmasters International permits districts to secure sponsorship opportunities that may be available for district events as a viable strategy to help offset program costs. Guidelines are provided for sponsorship, product sales and required speaker contracts in the District Leadership Handbook. (See Policies and Procedures VI D 11 for fund-raising guidelines.)

Any residual funds raised in connection with a district event or activity (such as a conference) sponsored by a club, area or division, belong to the district. If the event or activity results in a loss, that is also assumed by the district.

District Travel Reimbursement

Any reimbursement for travel to district officers must be included in the district budget and approved by the district council. In the event a district officer moves out of the geographic boundaries of the district from which he or she was elected, reimbursement shall be based on either the residence of the officer at the time of election or the officer's current residence, whichever is less.

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If included as part of the district budget and approved by the district council, a district may make reimbursements for travel expenses outside the district as follows:

- Official mid-year training held between November 15 and January 31: Registration and lodging expenses for the district governor, Lt. governor education and training, and Lt. governor marketing. In the case of re-forming districts, registration and lodging may be provided to the associate Lt. governor education and training and associate Lt. governor marketing.
- International Convention: If not provided by Toastmasters International, a district may reimburse registration, lodging, and travel expenses for the district governor, Lt. governor education and training, Lt. governor marketing, and immediate past district governor. A district also may reimburse only travel for the International Speech contestant, if reimbursement is not provided by Toastmasters International.

Districts shall not provide any additional reimbursement to speech contestants attending the International Convention, and districts shall not reimburse any other individuals for travel outside the district or for items related to travel outside the district.

Travel expense may include round trip transportation between home and the event location. Travel expense excludes car rentals, gasoline, incidentals and meals. Registration may include conference/convention registration and any ticketed events/meals that are part of the conference/convention. Lodging may include only the cost of a hotel guestroom and related taxes and excludes personal telephone or other incidental expenses.

Budget and Audit Preparation and Approval

A complete district budget shall be presented by the District Executive Committee to the district council for approval at the first District Council Meeting of the district year. The district governor shall appoint a District Audit Committee by November 1. The audit committee shall submit, by February 15, an interim audit report for the period July 1 to December 31, and a final audit report for the entire year by August 31. A complete district audit for the prior year ending June 30 shall be presented at the first District Council Meeting following the Convention.

A complete mid-year audit shall be presented to the district council at the District's annual meeting. Any amendments to the budget or audits shall be submitted to World Headquarters within 30 days. Districts shall make available copies of the budget and audits to members of the district council prior to or at the business meeting.

District audits shall account for all district income and expenses. All district bank accounts and funds shall be included in the district budget and audits, including any accounts held at the division and area level. All outstanding liabilities and obligations shall be recorded as part of the mid-year and year-end audits.

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If a district budget or audit does not include a complete accounting of district income, funds, and expenses, then no requisition for funds will be honored unless and until the budget or audit is made complete and an amendment to it is submitted to World Headquarters.

Bank Signatories Requirements and Approval

The district governor, at least one lt. governor, and the district treasurer shall have signatory authority on all accounts established by the district, including any division and area accounts.

All signatories on corporate bank accounts of Toastmasters International, including those located in the various districts, shall be duly approved by the Executive Committee of the Board of Directors. At an Executive Committee meeting, or by unanimous written consent, the committee shall review and approve a list showing, for each account, the district involved, the name and location of the financial institution, and the names of the persons to be added or dropped as signatories since the prior committee meeting. If necessary, the International President may approve the addition or deletion of bank signatories between Executive Committee meetings, subject to ratification by the committee at its next meeting.

Replacement of a previously approved signatory is not effective until the replacement is approved by the International President, whose approval is subject to ratification by the Executive Committee.

Reference: Bylaws of Toastmasters International, Article XII, Section 2
Policies and Procedures VI B 4
Policies and Procedures VI D 11