

# HILO ORCHID SOCIETY, INC.

## POLICIES

Revised 11/8/2014

The following policies of Hilo Orchid Society, Inc. (the “**Society**”) were adopted pursuant to Article IX of the Bylaws of the Society (the “**Bylaws**”) and may from time to time be modified, amended or supplemented by the Board of Trustees of the Society (the “**Board**”) in accordance with the Bylaws. Any policies in effect prior to the date of the adoption of these policies, as set forth on the signature page hereof are replaced and superceded in their entirety by these policies.

### **SECTION 1. FINANCIAL POLICIES**

- A. The Society shall support the American Orchid Society’s regional judging program, including, but not limited to, the payment of AOS award photographs.. This support may include a yearly financial contribution in an amount determined by the Board.
- B. The Society may make financial contributions to other organizations from time to time in order to further its corporate purposes as set forth in the Society’s Charter of Incorporation. Specifically, the Society will not make donations to non-orchid related organizations, unless such organizations are involved in an orchid related activity such as the Orchid Show or the Orchid Isle Project. The Board shall determine the amounts and recipients of any such contributions.
- C. The Society shall pay or reimburse each meeting’s speaker, if any, for reasonable travel expenses, speaker fees and plant expenses not to exceed the aggregate limitations set forth in the Society budget.

### **SECTION 2. GENERAL MEETING POLICIES**

- A. Meetings are open and guests are welcomed. Anyone regularly attending meetings is encouraged to become a member.
- B. The Society shall endeavor to hold the Members meeting held in the month following the Orchid Show in a space different from the regular monthly meeting venue and to feature a potluck picnic prepared by the Members, recognition of volunteers participating in that year’s Orchid Show and a silent auction of plants donated from that year’s Orchid Show.

### **SECTION 3. ORCHID SHOW POLICIES**

- A. The Society will endeavor to hold an annual, AOS-judged orchid show.
- B. As soon as practicable following the date of taking office, the Chairperson of the Show Committee shall, following consultation with the President and approval by the President and the Board, appoint an Assistant Chairperson of the Show Committee.
- C. The Chairperson of the Show Committee shall serve one or more one-year terms. Upon the expiration of the final term of any Show Committee Chairperson, the then serving Assistant Chairperson shall, without further action, automatically succeed to the office of Chairperson of the Show Committee.

**SECTION 4. NEWSLETTER POLICIES**

- A. The Society newsletter does not accept advertising.
- B. The Society newsletter may include notices of events of general interest to the Society’s membership. This includes notices of sales events by commercial orchid growers, subject to a limit of two events per grower per year. The size and placement of any such notice will be at the discretion of the newsletter editor. The posting of such items is considered a service to members and is not considered advertising or promotion.
- C. The Society newsletter shall be mailed to all members who do not have the capability to receive it electronically and such members are responsible for providing a current mailing address for delivery of the newsletter to the Membership Committee Chairperson. All other members (and all persons who were members during the preceding year who failed to renew their membership) shall receive the newsletter electronically and are responsible for providing a current email address for delivery of the newsletter to the Membership Committee chairperson.

**SECTION 5. BUDGET**

- A. At or before the October meeting of the Board each year, the Treasurer shall submit to the Board a proposed budget for the next succeeding calendar year.
- B. At or before the November meeting of the Board in each year, the Board will adopt a budget for the next succeeding calendar year.
- C. Any budget adopted by the Board shall provide for an unrestricted fund balance of the Society as of the end of the budget year of not less than \$40,000.
- D. In the formulation of any Budget, the Board shall not take into account any anticipated revenue from the Orchid Show to be held during the budget year. All budgeted capital expenditures will be paid from existing funds and not from projected revenues.
- E. On or before the April meeting of the Board in each year the Treasurer shall prepare and submit to the Board a comparison of the immediately preceding calendar year’s budget and such year’s actual financial results.

**SECTION 6. VISITORS AT BOARD OF TRUSTEES MEETINGS**

- A. Meetings of the Board are open for members of the Society to attend except in the following instances:
  - 1. Meetings, or the portions thereof, that involve the discussion of actual or potential conflicts of interest in accordance with the policy set forth in Section 12 below;
  - 2. Meetings, or the portions thereof, that involve discussions of potential disciplinary actions affecting Society personnel or any Trustee; and
  - 3. Meetings, or the portions thereof, which involve the discussion of confidential information.
- B. Society members attending Board meetings may not participate in Board discussions unless invited to do so in advance by the President. Any member who violates this policy may be requested by the President to leave the meeting.

- C. Members may from time to time be invited by the President to make presentations to the Board. Any member who wishes to make a presentation to the Board must submit a written (which may include e-mail) request to do so to the President at least 10 days prior to the date of the Board meeting at which the proposed presentation would occur. The President, in the President's sole discretion, may approve or deny approval for any such presentation. Any such member's presentation and participation in the Board meeting will be strictly confined to the topic approved in advance by the President.

#### **SECTION 7. MEMBERSHIP**

- A. The Membership Committee will prepare and make available to the members of the Society a membership list (the "**Membership List**"), including names, addresses, telephone numbers and e-mail addresses of the members who have paid their annual dues for the year and are in good standing. The Membership List shall not be used by any member for the promotion of any activity or purpose, except those sponsored and approved by the Society. No member will provide the Membership List to any person who is not a member. Any member may request that their name and contact information be omitted from the Membership List by means of a written request delivered to the Chairperson of the Membership Committee.
- B. New members joining at the annual Orchid Show shall be considered paid through the following year. Also, new members joining in September or later shall be considered paid through the following year.
- C. The Society member email list is intended for the exclusive use of the Society to communicate about Society activities and related orchid events. The distribution of any other message shall be approved by the Board prior to sending.

#### **SECTION 8. VOLUNTEERING POLICY**

The Society shall encourage its members to volunteer to work in the community on behalf of the Society. Such efforts may include the placement of orchids in trees at such places as Panewa Zoo and any other civic recreational areas that seem fitting to the Board and which have approval of the applicable governmental agency, if any. All volunteering projects must be approved by the Board in advance. The Society shall also encourage its members to volunteer to work at Society events such as the annual orchid show and sale, monthly Society meetings and the annual holiday party.

#### **SECTION 9. SCHOLARSHIP POLICY**

- A. The Board may from time to time award scholarships to students entering their junior or senior year or post-graduate level program at University of Hawaii at Hilo enrolled in a course of study consistent with the Society's purposes.
- B. Candidates for scholarships shall be evaluated by the Scholarship Committee who shall make recommendations to the Board. Each scholarship candidate shall have a cumulative grade point average of at least 2.8 during the entire period of their enrollment in college preceding their application for a scholarship from the Society and shall provide to the Scholarship Committee an official transcript evidencing such grade point average.

- C. Scholarships shall be in the amount per student, per semester, designated by the Board. Scholarships will only be approved by the Board as and when sufficient funds designated for scholarships on the Society's financial statements are available.
- D. All funds for scholarships will be paid from a separately designated subaccount (the "Scholarship Subaccount") of the Society's Orchid Show bank account. The Board will each year seek to add to the Scholarship Subaccount such additional funds as the Board deems appropriate following the Board's evaluation of the results of each year's Orchid Show.

## **SECTION 10. INSTALLATION OF OFFICERS AND DIRECTORS**

All Officers and Trustees will be formally installed at the annual Holiday Party of the Society. At each such installation Officers and Trustees commencing their term of office shall be required to recite the following:

I [name of Officer/Trustee] do hereby solemnly swear to uphold the terms and provisions of the Charter of Incorporation, Bylaws and Policies of the Hilo Orchid Society, Inc. to the best of my abilities.

## **SECTION 11. TROPHY ACCOUNT**

The Society shall maintain a separate bank account to be designated as the "**Trophy Account**". The funds maintained in the Trophy Account and any funds obtained from donors designated as "Show Trophy" funds or "Trophy Sponsor" funds shall be utilized to purchase, refurbish, repair and/or update trophies utilized in connection with the Orchid Show and to purchase award ribbons and exhibitor mementos utilized in the Orchid Show (collectively, "**Trophy Expenses**"). Trophy Expenses for any year shall first be paid from funds received in that year as "Show Trophy" or "Trophy Sponsor" donations and then, if necessary, from funds held in the Trophy Account. Any remaining "Show Trophy" or "Trophy Sponsor" donations after the payment of all Trophy Expenses shall be deposited into the Trophy Account.

## **SECTION 12. MEMBER PLANT SALES**

The Society shall provide a venue for members to sell orchids or orchid-related items to other members at meetings, either by direct sale or by silent auction. No member may sell more than five items at a single meeting, unless otherwise approved in advance of the meeting by the Vice President. The Society shall receive 20% of the proceeds of such sales and the seller shall receive 80%.

## **SECTION 13. DOCUMENT RETENTION AND DESTRUCTION POLICY**

- A. **PURPOSE.** The purpose of this policy is to ensure that the Society manages data in an efficient and effective manner, maintains historical records related to its financial and administrative operations, and purges documents as part of its normal management process. By establishing a specific timeline for document purging, this shall also ensure compliance with the Sarbanes-Oxley Act, which prohibits the alteration, falsification or destruction of documents that are part of any official proceeding. If anyone associated with the Society becomes aware of any investigation, the Society shall be notified immediately so that document purging will cease and all relevant documents will be appropriately identified and protected.

B. DEFINITIONS

1. “Document” refers to any item listed in the table below, in either hard copy, or electronic form. Electronic files also include those in audio/visual or emailed forms.
2. “Administrative” refers to documents pertinent to the day-to-day operations of the Society.
3. “Historic” refers to documents that are valuable for maintaining knowledge of the history of the Society and its work.
4. “Legal” refers to any document that is a contract or agreement between parties, that contains financial information relevant to IRS filings, or that must be maintained to comply with laws and regulations.
5. “Recycle/scrap paper” includes disposal by normal recycling methods or reuse as scrap paper for internal printing or note taking.
6. “Shred” means using a shredder machine to properly shred and dispose of documents.
7. “Delete” means to delete an electric file.

C. LABELING AND STORAGE. All files, both hard copy and electronic, shall be labeled by topic and year (if applicable). Electronic copies shall be periodically backed up by copying to removable media. Hard copies shall be stored in file cabinets or file boxes. Financial records shall be the responsibility of the Treasurer, corporate documents and minutes of the meetings of the Board of Trustees shall be the responsibility of the Recording Secretary. All other documents shall be the responsibility of the President or person designated by the President. Archived hard copy files and electronic backup media shall be stored in fire, water and animal proof containers, clearly labeled with the Society’s name, topic and year. If documents of similar type and with the same retention and destruction requirements are stored together, they shall also be labeled with a “destroy after” date so that they do not have to be reviewed additional times.

D. REVIEW AND PURGING. Review and purging of files may take place in an ongoing manner, but must occur at least every two years in even numbered years, and must follow the minimum retention requirements stated below. Such review and purging must also occur prior to archival storage of any files.

E. DOCUMENT DRAFTS. Once the final copy of a document has been completed, the drafts may be recycled or deleted, unless they are documents of legal value. For documents determined to be of legal value, drafts containing comments shall be saved for a minimum of two years, and drafts without comment may be destroyed once the final version is complete.

<u>Document Type</u>	<u>Value</u>	<u>Minimum Retention Requirement</u>	<u>Destruction Method</u>
Organizational founding documents (e.g., Articles of Incorporation, Bylaws,	Legal, historic	Permanently	N/A

IRS Letter of Determination)			
Formal meeting notes (e.g., Board, Show Committee)	Administrative, historic	Permanently	N/A
Informal (handwritten) meeting notes	Administrative	2 years, or longer if topics remain relevant	Recycle/scrap paper
Funded grant proposals, reports, correspondence, etc.	Administrative, historic, legal	7 years after closure	Shred financial and private information, or recycle/scrap; delete electronic version
Rejected grant proposals, correspondence, etc.	Administrative, historic	2 years after rejection	Shred financial and private information, or recycle/scrap; delete electronic version
Expense reports	Administrative, historic, legal	7 years	Shred if contains financial information, or recycle/scrap
Budgets	Administrative, historic, legal	7 years	Shred; delete
Subscriptions/memberships	Administrative, historic, legal	2 years after end of subscription	Shred if contains financial information, or recycle/scrap
Contracts with, invoices from, vendors	Administrative, historic legal	7 years after expiration/payment	Shred, delete
Annual Show and Sale <ul style="list-style-type: none"> <li>Marketing</li> <li>Attendee statistics</li> <li>Invoices from consultants and vendors</li> <li>Contracts with consultants and vendors</li> <li>General information</li> </ul>	Administrative, historic, and/or legal	<ul style="list-style-type: none"> <li>7 years</li> <li>7 years</li> <li>7 years</li> <li>7 years</li> <li>2 years</li> </ul>	<ul style="list-style-type: none"> <li>Recycle/scrap, delete</li> <li>Shred</li> <li>Shred</li> <li>Shred</li> <li>Recycle/scrap, delete</li> </ul>
Topical information	Administrative	2 years, or as long as still relevant	Recycle/scrap, delete
Correspondence (general)	Administrative, historic	2 years, or as long as still relevant	Recycle/scrap, delete
Presentations given <ul style="list-style-type: none"> <li>Presentations that can be reused</li> <li>Presentations for once use</li> </ul>	Administrative, historic	<ul style="list-style-type: none"> <li>7 years</li> <li>2 years</li> </ul>	<ul style="list-style-type: none"> <li>Recycle/scrap, delete</li> <li>Recycle/scrap, delete</li> </ul>
Photographs <ul style="list-style-type: none"> <li>High quality with details of event</li> <li>Photos missing details of event</li> <li>Low quality</li> </ul>	Administrative, historic	<ul style="list-style-type: none"> <li>10 years</li> <li>2 years</li> <li>2 years</li> </ul>	<ul style="list-style-type: none"> <li>Recycle/scrap, delete</li> <li>Recycle/scrap, delete</li> <li>Recycle/scrap, delete</li> </ul>

Press clippings	Historic	Permanently if electronic or a hard copy without electronic backup; 2 years for hardcopy with backup	Recycle/scrap
-----------------	----------	--	---------------

**SECTION 14. FUNDRAISING POLICY**

The Board recognizes that the Society engages in fundraising and solicitation activity from time to time to raise money for activities and undertakings that are in furtherance of its corporate purposes. In order to comply with federal, state and local laws, as well as applicable ethical norms regarding fundraising activity, the Board has established this fundraising policy.

- A. OVERSIGHT. All fundraising activity for the Society is supervised, coordinated and directed by the Board. The Board shall annually review all fundraising activity by the Society.
- B. USE OF FUNDRAISING PROFESSIONALS. Third parties not directly affiliated with the organization must have written permission from the Board of Trustees prior to any solicitation on behalf of the Society. Third party fundraisers engaged by the Society must be registered with appropriate state and local authorities, and their representation of the organization must be evidenced by a written agreement approved by the Board.
- C. TRUTH AND ACCURACY
  - 1. All solicitation and fundraising materials and other communications to donors and the public shall clearly identify the Society and be accurate and truthful.
  - 2. The Board or an officer of the Society designated by the Board shall review fundraising or solicitation materials prior to publication for:
    - a) material omissions or exaggerations of fact, use of misleading photographs, or any other communication which would tend to create a false impression or misunderstanding; and
    - b) any statements or content that would tend to create unrealistic donor expectations of what the donor's gift will actually accomplish.
- D. DONOR ACKNOWLEDGMENT. The Society shall provide all donors with specific acknowledgments of charitable contributions, where applicable, in accordance with legal requirements for proper donor substantiation and the organization's disclosure.
- E. SUPERVISION AND TRAINING
  - 1. The Society shall provide appropriate training and supervision of the people soliciting funds on its behalf, whether board members, members or third party representatives, including training to attempt to avoid use of techniques that are coercive, intimidating or intended to harass potential donors.

## SECTION 15. CONFLICTS OF INTEREST POLICY

- A. PURPOSE. The purpose of the conflicts of interest policy is to protect the Society's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an interested person. This policy is intended to supplement, but not replace any applicable state or federal law governing conflicts of interest applicable to non-profit or charitable organizations.
- B. DEFINITIONS. For the purpose of this Section and all rules, regulations and policies promulgated by the Society from time to time in furtherance thereof, the term "**Fiduciary**" shall mean any person who is or was during the previous five years in a position to exercise substantial influence over the Society's affairs including any trustee, officer, substantial donor, or member of a committee with Board-delegated powers.
1. A Fiduciary has a "financial interest" (a "**Financial Interest**") if he or she has, directly or indirectly, through any member of his or her family, any business or professional associate, or any entity with which he is connected:
    - (i) an ownership or investment interest in any entity with which the Society has a transaction or arrangement; or
    - (ii) a compensation arrangement with the Society or any entity or individual with which the Society has a transaction or arrangement; or
    - (iii) a potential ownership or investment in, or compensation arrangement with, any entity or individual with which the Society is negotiating a transaction or arrangement.
  2. "**Compensation**" includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.
  3. A "**family member**" means a spouse, siblings (including half siblings), spouses of siblings, ancestors, children and other descendents and spouses of children and other descendents.
  4. An "**entity**" means any corporation in which the Fiduciary or a family member owns more than thirty-five percent (35%) of its combined voting power; any sole proprietorship owned by the Fiduciary; any limited liability company in which the Fiduciary or a family member owns more than thirty-five percent (35%) of the total membership interests or voting power; any partnership in which the Fiduciary or a family member owns more than thirty-five percent (35%) of the profits interest; and a trust or estate in which the Fiduciary or a family member owns more than thirty-five percent (35%) of the beneficial interest.
  5. A "**conflict of interest**" means any situation in which a Fiduciary's interests may be adverse to the interests of the Society; and any situation in which a Fiduciary is in a position to influence a decision of the Society in such a way that it will, or might appear to, benefit the Fiduciary, a family member of the Fiduciary, or an entity to which either the Fiduciary or a family member of the Fiduciary are related. A conflict of interest includes Financial Interests.



A Financial Interest is not necessarily a conflict of interest. Under this Section, a person who has a Financial Interest may have a conflict of interest only if the Board of Trustees or appropriate committee of the Board of Trustees decides that a conflict of interest exists.

- C. DISCLOSURE. In connection with any actual or possible conflicts of interest, any Fiduciary shall disclose any and all material facts to the President or the Board at the earliest possible time after the conflict of interest becomes known to the Fiduciary and should be made a matter of record through such annual or other reporting and certification procedures as the Board shall require from time to time.
- D. DETERMINATION AND PROCEDURE. Disclosure of the actual or possible conflict of interest and all material facts shall be made to the Board. After discussion with the relevant Fiduciary, the Board shall finally determine whether any conflict of interest exists. The Fiduciary shall leave the Trustee's meeting while the determination of a conflict of interest is discussed and voted upon. If the Board determines that a conflict of interest exists with respect to a transaction or situation, the Board must take the following actions:
1. allow the Fiduciary to make a presentation to the Board, but after such presentation, the Fiduciary shall leave the meeting during the discussion of, and the vote on, the transaction or situation that results in the conflict of interest;
  2. appoint, if the Board deems it appropriate to do so, a disinterested person or committee to investigate alternatives to the transaction or situation;
  3. after exercising due diligence, determine by a majority vote whether the Society can obtain a more advantageous transaction or situation with reasonable efforts from a person that would not give rise to a conflict of interest; and
  4. if a more advantageous transaction or situation is not reasonably possible under circumstances not producing a conflict of interest, determine by majority vote of disinterested Trustees whether the transaction or situation is in the Society's best interest and for its own benefit; and whether it is fair and reasonable to the Trustees; and in conformity with the above determination it shall make its decision as to whether to enter the transaction or situation.
- E. ADDITIONAL COMPENSATION PROCEDURAL RULES.
1. A Trustee who receives compensation, directly or indirectly, from the Society for services is precluded from voting on matters pertaining to the Trustee's compensation.
  2. A Trustee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Society for services is precluded from voting on matters pertaining to that Trustee's compensation.
  3. No member of the Board or committee delegated powers by the Board whose jurisdictions includes compensation matters and who receives compensation, directly or indirectly, from the Society, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

F. VIOLATIONS OF CONFLICTS OF INTEREST POLICY.

1. If the Board has reason to believe that a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
2. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the Board determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary action and corrective action.

G. RECORDKEEPING. The minutes of the Board's meetings and all committees with board-delegated powers shall include:

1. the documentation, including comparability data, upon which the Trustees based their decision that a transaction or situation is in the Society's best interest and is fair and reasonable to the Society;
2. the names of the Fiduciaries who disclosed or were otherwise found to have a financial interest in connection with an actual or possible conflict, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and whether the Board determined that there was indeed a conflict of interest; and
3. the names of the persons who were present for discussions and votes relating to the transaction or situation; the content of these discussions, including any alternatives to the proposed transaction or situation; and a record of any votes taken.

H. DISTRIBUTION OF AND ASSENT TO THE POLICY. Each Fiduciary shall sign and deliver to the President at or before each January meeting of the Board an annual statement in the form of Appendix A attached hereto that he or she:

1. has received a copy of the Society's conflict of interest policy;
2. has read and understands the policy;
3. agrees to comply with the policy;
4. understands that the policy applies to the members of the Board and all committees having board-delegated powers; and
5. understands that the Society is a tax-exempt charitable organization and that in order for it to maintain its tax-exempt status, it must continuously engage exclusively in activities which accomplish one or more of its tax-exempt purposes.

The foregoing policies are hereby established by the Board of Trustees on November 8, 2014

Signature:

---

Lawrence Kuekes  
President

**APPENDIX A  
HILO ORCHID SOCIETY, INC.**

**CONFLICT OF INTEREST STATEMENT**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

**Name of Business/Professional  
Organizations With Which You or  
Members of Your Immediate  
Family are Associated**

**Position Held/By Whom**


1. I have received a copy of and have read and understand the Conflicts of Interest provisions of the Policies (the “**Conflicts of Interest Policy**”) of Hilo Orchid Society, Inc. (the “**Society**”)
2. I hereby agree to comply with the Conflicts of Interest Policy of the Society.
3. I understand that the Conflicts of Interest Policy applies to the Members of the Board of Trustees of the Society and all committees having board-delegated powers.
4. I understand that the Society is a tax-exempt charitable organization and that in order for it to maintain its tax-exempt status it must continuously engage exclusively in activities which accomplish one or more of its tax-exempt purposes.
5. To the best of my knowledge neither myself nor any “family member” is involved in any actual or potential “conflict of interest” (as defined in the Conflicts of Interest Policy) except as set forth below:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

I acknowledge and agree that if any situation arises in the future which is not otherwise disclosed above, I will bring it to the attention of the Board of Trustees by means of a written notice to the President and Board of Trustees.

Date: \_\_\_\_\_