A. INVESTMENT OF THE ASSOCIATION FUNDS

Investment decisions of the association shall be based upon board approved investment policy statements for the General Fund and the Emergency Reserve Fund. These investment policy statements shall follow conventional formats used in the industry and shall comply with the association’s Constitution and By-Laws at all times. These investment policy statements shall be maintained in the Treasurer’s office and shall be reviewed by the Finance and Headquarters Operation Committee annually and updated as needed.

Approvals required for making investment decisions, other than those stated in the investment policy statements, are as follows:

1. The board of directors shall approve changes to investment policy statements, including asset allocations.
2. The board of directors shall approve changes to investment advisors/consultants.
3. Transfer of funds to/from operating cash management accounts from/to investments accounts shall be executed as needed with the approval of Treasurer.

B. COMMITMENTS AND SIGNATURE AUTHORITY

1. Financial Commitments in Name of Association

There is to be no financial commitment made in the name of the association or any expense incurred for reimbursement by the association that is not provided for in the rules or budget approved by the board.

2. Approvals (Expenditures)

Approval of an administrative officer shall be required on all association commitments for goods or services that are equivalent to or exceed U.S. Ten Thousand Dollars (US$10,000.00), with the exception of club supplies merchandise and utilities. Funds to cover such commitments must be provided in the budget approved by the board of directors.

Additional approval by The Executive Committee shall be obtained for:

a. Contracts for unique items or services, which do not lend themselves to competitive bidding and when the total financial obligation is more than US$200,000 and less than US$400,000; provided that contracts for proprietary licenses or maintenance and
service agreements, necessary for operation of the association, shall be approved by the Executive Administrator.

b. Contracts for consultant services, when arrived at through a Request for Quote (RFQ) or sole source, if they exceed US$150,000 and less than US$250,000.

Additional approval by The Board of Directors shall be obtained for:

a. Contracts for unique items or services, which do not lend themselves to competitive bidding and when the total financial obligation is more than US$400,000; provided that contracts for proprietary licenses or maintenance and service agreements, necessary for operation of the association, shall be approved by the Executive Administrator.

b. Contracts for consultant services, when arrived at through a Request for Quote (RFQ) or sole source, if they exceed US$250,000.

3. Bank Accounts

Any of the Authorized Persons named below shall be and hereby are authorized and empowered, to designate in each country, in accordance with local banking regulations, in which Lions Clubs are or may be established, the following on behalf of The International Association of Lions Clubs:

a. Open and close deposit accounts, sign account agreements, and sign contracts for deposit-related and other services.

b. Sign and authorize checks, drafts, withdrawal slips, and any other orders for the payment of money, whether by paper, electronic, or any other means.

c. Execute online banking agreements on behalf of Lions Clubs International.

AUTHORIZED PERSONS. The names and genuine signatures, manual or facsimile, of the authorized persons are as follows:

Catherine M. Rizzo, Treasurer
Mark Koerlin, Manager, Accounting Department
Jason Cobb, Division Manager, Finance
Christine Hastings, LCIF Manager, Financial Planning & Analysis

4. New Bank Account

The Finance and Headquarters Operation Committee must approve a bank account in any country, unless the association currently maintains a bank account in that country or the account is temporary to support the operations at the international convention.

C. ACCOUNTING PROCEDURES

1. Accounting System
The financial records of the International Association of Lions Clubs are maintained in accordance with US Generally Accepted Accounting Policies (GAAP) as well as local and federal rules and regulations. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. All amounts are presented in United States dollars.

2. **Lion Magazine** budget shall be charged with an allocation of Headquarters costs as approved by the Board in each annual budget.

3. **The Club Supplies and Distribution** budget shall be charged with an allocation of Headquarters costs as approved by the Board in each annual budget.

4. **Allocation of Headquarters Cost to LCIF**
   Lions Clubs International Foundation shall be charged with an allocation of its costs related to the international headquarters, as determined and approved by the Board of Directors of Lions Clubs International and Board of Trustees of Lions Clubs international Foundation in each annual budget.

5. **Club Suspension and Cancellation**
   A club, which has an unpaid balance in excess of US$20 per member or US$1,000 per club, whichever is less, outstanding past 120 days will be suspended, including the suspension of the club’s charter, and all the rights, privileges, and obligations of the Lions club.

   In the event the club does not acquire good standing, as defined by board policy, on or before the 28th day of the month following suspension, the club’s charter will be automatically cancelled. The cancellation of a club for financial suspension may be rescinded within 12 months from the date of the cancellation, in the event the club has paid their account balance in full and a completed reactivation report is received.

   Any club that has been approved for a payment plan by the Finance Division will not be suspended, so long as it continues to fulfill its obligation per the approved payment plan.

   **Protection from Suspension**

   Certain geographical locations may be identified as requiring protection from suspension, due to factors that affect the Association’s ability to promptly and accurately credit payment to properly record club account balances. These areas will be protected for a period sufficient to analyze the issues to be addressed and or corrected.
D. FINANCIAL PROJECTIONS

1. Budget Procedures

   a. The Finance and Headquarters Operation Committee (the “Committee”) shall establish the preliminary revenues for the association’s upcoming annual budget. Revenue projections shall be based on sound financial benchmarks and considering the constraints of the most current membership and dues levels.

   b. At the March/April board meeting, each committee of the board shall present the proposed expense budgets to the Committee.

   c. The Finance and Headquarters Operation Committee will receive the preliminary budget at least two weeks prior to the date of the board.

   d. The Finance and Headquarters Operation Committee will review five-year budgeted projections annually at the final regular board meeting. The five-year projections will assume a stable membership base. The Finance and Headquarters Operation shall make a recommendation to the Long Range Planning Committee if an increase in the membership dues structure is warranted for consideration at the next scheduled meeting.

   e. The Committee shall present a proposed final budget to the board for review at the board meeting prior to the international convention. In the event anticipated revenues are insufficient to fund estimated disbursements, the Finance & Headquarters Operation Committee will review a projected cash flow based on the budget. If cash and cash equivalents are insufficient to meet the shortfall, further funds may be available subject to the Operating Reserve.

   f. Each member of the international board shall receive the proposed final budget at least two weeks prior to the date of the board meeting at which such proposed budget is to be considered.

2. Updated Forecast of Revenues and Expenses

   a. The board shall approve at the October/November and March/April board meetings a forecast of full year results based on actual to date and projections through year-end. The Committee shall submit a recommended full year forecast for review at the January Executive Committee meeting. The Finance and Headquarters Operation Committee will receive the forecast at least one week prior to the date of the board meeting.

   b. All proposals to the board that have an impact on the forecast shall be reviewed with the Finance and Headquarters Operation Committee. All proposals shall include:
      • Projected costs for the current fiscal year as well as the subsequent two years.
• Provide a brief description of impact on division’s strategic initiatives and goals and objectives.

c. The Finance and Headquarters Operations Committee will review a forecast of the association’s cash flow for the current fiscal year at each board meeting. In the event anticipated revenues are insufficient to fund estimated disbursements, the Finance & Headquarters Operation Committee will review a projected cash flow based on the forecast. If cash and cash equivalents are insufficient to meet the shortfall, further funds may be available subject to the Operating Reserve.

3. **Five-Year Financial Projections**
   The Finance and Headquarters Operation Committee will review five-year projections annually at the final regular board meeting. The five-year projections will assume a stable membership base. The Finance and Headquarters Operation shall make a recommendation to the Long Range Planning Committee if an increase in the membership dues structure is warranted for consideration at the next scheduled meeting.

4. **Operating Reserve**
   The purpose is to establish a target minimum amount to be designated as operating reserve in an amount sufficient to maintain ongoing operations and programs, as well as fund long-term commitments.

   A portion of the General Fund will be allocated to the Operating Reserve and will be calculated using a reserve model that first considers each revenue source and expense item from a detailed ten year forecast. A variance factor for each item is also developed which takes into account the confidence in the forecast by type of revenue or expense. For each year, a total nominal reserve is calculated as a representation of the total potential overstatements and understatements in revenues and expenses. The recommended reserve element then becomes the discounted present value of the annual nominal reserves (variances) over ten years. This calculation will be completed annually utilizing the most current financial information. An outside consultant utilizes a forecasting simulation analysis to consider the probability of the General Fund assets falling below the Designated Operating Reserve. This technique considers not only a range of returns but also the sequence of those returns. Importantly, this modeling process considers investment returns in both a favorable investment environment as well as under the worst potential outcomes (losses).

   Utilizing the approach described in the preceding paragraph, an operating reserve will be calculated on an annual basis using an updated forecasting simulation analysis for review by the Finance Committee in March/April. The operating reserve will be established for use in preparing the subsequent year budget.
E. TRANSFER OF ASSOCIATION FUNDS, EXCHANGE RATES, BLOCKED FUNDS, ETC.

1. Transfer of Association Funds – Empowering Resolution

BE IT RESOLVED, That the administrative officers of The International Association of Lions Clubs, jointly, shall be and hereby are authorized and empowered to make application to appropriate governmental authorities in any and all countries where said Association operates, in behalf of the International Board of Directors of said Association, for authorization to transfer funds. Such transfers shall only be those funds which are not needed for operations in the respective country. Such transfer of funds are required to cover costs which are related to administering Clubs in the respective countries, such as operation of the International Headquarters, postage and other communication costs, publication of a monthly magazine and other printed materials, and similar normal business operation expenses.

2. Transfer of Association Funds to Lions Clubs International Foundation

BE IT RESOLVED, That the Executive Administrator and the Treasurer of The International Association of Lions Clubs jointly shall be and hereby are authorized and empowered to transfer funds from Association accounts representing dues and other payments to the Association, to the Lions Clubs International Foundation account and, FURTHER, that the Executive Administrator and the Treasurer of the Association shall be and hereby are authorized and directed to take all steps and execute all documents necessary and proper to carry out this Resolution.

3. Blocked Funds

Approval is granted to take all the necessary efforts to transfer blocked funds into currencies needed by The International Association of Lions Clubs.

4. Financial Statements of Untransferable Funds

Financial statements shall be prepared in such a way to properly reflect the potential loss of untransferable funds. The specific countries and amounts are to be determined by the Finance Division.

5. Payment of Association Obligations

Payments will be made in the currency of the domicile of the individual, except when the best interest of the Association requires otherwise.

6. Exchange Rates

The rates of exchange on which Lions Clubs make payments shall be adjusted when necessary, to conform with provisions of the International Constitution and By-Laws.

Effective June 29, 2017
Constitutionally, payment of obligations to the Association by Clubs, Districts and Club members shall be made at the association’s respective currency equivalent in effect at the time of payment.

7. **Definition of Equivalent National Currency**

“Equivalent national currency” as stated in the International Constitution and By-Laws shall be interpreted as the amount of national currency necessary to realize, at the time of payment, the U.S. dollar sums as stated in the Constitution and By-Laws.