

COSMOPOLITAN INTERNATIONAL
BOARD POLICIES
(Current as of July, 2005)

ACCOUNTING

Cosmopolitan International accounting records shall be at Headquarters with adequate controls, in accordance with standard accounting procedures and be audited at least annually by a certified public accounting firm to be selected by the Vice President for Finance and Marketing and the Executive Director, who will submit their recommendations to the international delegates at the next International Convention for approval. The Convention will either accept the recommendation or designate another auditor of its choice to perform the audit for the ensuing year.

7/27/71 8/2/83 7/24/85 7/31/99

AMENDMENTS TO BOARD POLICY

Proposed Board Policy changes which are sent to all International Board members at least 30 days in advance of a board meeting may be ratified by a simple majority vote. Those proposed Board Policy changes which the Board has not received notification of at least 30 days in advance of a board meeting would therefore require a 2/3 majority vote for amendment. This policy shall be in effect at the close of the 7/24/92 International Board Meeting.

7/24/92

AWARDS PROGRAM

The International Awards Chair, appointed by the International President, shall have the duty and authority for the administration of the Awards Program established by the International Board. The awards year shall be July 1 through June 30, unless otherwise specified in the Awards Program.

All controversies, questions, and interpretation concerning awards shall be resolved by the International Awards Chairman after conferring, as appropriate, with the Executive Director and the International Judge Advocate. The International Awards Chairman's determination shall be final.

7/27/71 10/4/03 3/6/04

BOARD POWERS

The board may establish policies and procedures for the granting, suspension, and revocation of affiliated club charters. The board may also establish policies and procedures for the placement of an affiliated club on probationary status prior to the revocation of the charter for such club. The board may suspend or revoke a club charter without previously placing such club on probationary status.

11/7/80

BOARD RESTRICTIONS

The Board shall not pass any resolution that would involve either 1) the expenditure of Cosmopolitan International funds not provided for in the current budget, 2) or the utilization of Headquarters staff, until the impact of such resolution has been reviewed by the Finance Committee or the Headquarters Committee, and the Board has received the committee's recommendations.

6/23/90

CAPITAL EXPENDITURE REPLENISHMENT FUND POLICY

This policy establishes the authorization levels required by Cosmopolitan International Officers, Executive Director, and personnel to utilize cash reserves established by the Cosmopolitan International Board for replacement or refurbishing of the Headquarters and related furniture, fixtures, equipment and office grounds.

This policy applies to the expenditures of cash reserves established through Board approval from excess operating funds on an annual basis at the last Board meeting of each fiscal year held at the International Convention. The cash reserve established and authorized by the Board at such meeting will be based on the audited Statement of Cash Flows, included in the annual financial statements for Cosmopolitan International for the current fiscal year end and be limited to net cash provided from operating activities excluding the effect of convention deposits.

Specific expenditures authorized through the annual budget process to be paid out of current operating funds or special capital expenditures authorized by the Board during the year at a regularly scheduled Board meeting to be paid out of current year operating funds are not covered by this policy.

The estimated cost of the expenditure will determine the level of approval required on each expenditure request. All expenditure requests must be provided to the Vice President for Finance and Marketing from the Executive Director for consideration and action. Written expenditure requests in excess of \$1,000 requires at least two formal bids, unless only one local source exists.

Written expenditure requests under \$500 require the Vice President for Finance and Marketing's approval. Expenditure requests in excess of \$500, but less than \$1,000 requires the Vice President for Finance and Marketing's and International President's approval. All expenditures in excess of \$1,000 require the Vice President for Finance and Marketing's approval and the unanimous approval of the Executive Committee. Any expenditure in excess of \$1,000 must be reported to the Board at the next regularly scheduled meeting.

7/27/93 7/31/99

CHARTER MEMBER ADMISSION OR INITIATION CHARGE

The twenty-five dollar (\$25.00) per charter member admission or initiation charges must be received by an International Officer prior to chartering. For charter member applicants after the charter date, the twenty-five (\$25.00) charge must be received prior to the member receiving their charter member packet.

7/26/95

CHARTERING STRENGTH OF NEW CLUBS

To considerably increase its chances of survival, no new club may be chartered with fewer than 20 members. This may be waived only under extraordinary circumstances with prior approval of the executive committee, based on information with recommendations supplied by the Executive Director.

1/17/80

CHRISTMAS GREETINGS

Christmas cards shall be sent from the International board to heads of other civic organizations as an exchange courtesy. 3/3/58

CLUB EXTENSION

The board favors the formation of additional clubs in cities where there are existing clubs. The board looks to the governor of each federation for the formation of at least one new club in their federation. 1/19/73 7/31/81

CONVENTION RESERVE ACCOUNT

The convention reserve account shall carry a minimum balance of \$5,000. If the account is at \$5,000 profit from International's operating income, effective with international conventions held after July 1, 1985. 8/6/85

CONVENTIONS

Each voting delegate at an international convention meeting shall be responsible to pay a delegate registration fee as established by the board. 11/7/80 7/30/91

To guarantee the success of the International Convention, the Board will:

1. Approve the convention site and convention chair as presented by a host federation or club least three years in advance of the convention.
2. Approve the convention budget and schedule at the Fall Board meeting prior to the convention.
3. Ensure that the convention is run according to the Convention Planning Manual. Proposed changes to the Convention Planning Manual may be amended by a simple majority vote of the board. 7/20/05

DECEASED OFFICERS

Cosmopolitan International, through headquarters, shall make a modest contribution to the Cosmopolitan International Foundation in memory of any current international officer or club president whose death occurs while in office. The same recognition shall be accorded to past international presidents. 7/30/52 8/2/83

DIRECTOR OF MEMBERSHIP DEVELOPMENT'S AUTHORITY AND JOB DESCRIPTION

The Director of Membership Development shall perform the duties described in Article XII of the International Bylaws and in addition he/she shall:

1. Identify and sign individuals as members of Cosmopolitan International; either as members of existing clubs or of new clubs.
2. Develop strategies to assist current members in signing new members and/or starting new clubs and communicate such strategies to current membership.
3. Maintain *direct* contact with potential members.

Director of Membership Development's Authority and Job Description (continued)

4. Contact Club, Federation and International officers keeping them informed of membership related issues and to continue efforts to find potential members.
5. Assist with logistical issues arising in the formation of a new club including locating a meeting location, make literature available and related matters.
6. Assist in the education of new members and training new club, federation, and international officers. Update or develop a comprehensive member and officer training program.
7. With assistance and input of the Executive Director, write materials necessary or desirable to market Cosmopolitan, attract new members, and to inform current members of possible membership strategies.
8. Monitor and communicate with existing clubs below charter strength and those clubs in trouble and assist with growth.
9. Develop, implement, and promote incentive programs for membership to existing members.
10. Coordinate with Executive Director to establish a public relations program on a club, federation, and international basis.
11. Educate and train new officers in membership related issues.
12. Issue proper charters to newly organized clubs.
13. Ensure that all clubs are contacted by phone at least once a year and report to the Vice President for Membership and New Clubs on those contacts.
14. Issue a monthly report covering the organization's membership and club building activities.
15. Travel at the direction of the President and International Board.

2/8/03

ELECTION NOMINATIONS

At the First Delegate's Meeting, the Nominating Committee will announce nominations that have been received for each International office. Additional nominations may be made from the floor up to the time of the election for that particular office. The International Judge Advocate is responsible for establishing the election procedure.

Elections will be held in the following order:

1. President-elect
2. International Vice President for Membership and New Clubs
3. International Vice President for Finance and Marketing

Candidates may only campaign for one office at a time, but in the event that a candidate loses an election, they may run for subsequent elections.

Elections for International office shall be held at the Second Delegate's Meeting at the International Convention.

7/31/81

2/9/02

2/5/05

ELECTION QUALIFICATIONS

No person shall hold more than one International office at any time. In order to be a candidate for a different office, an existing officeholder must first resign their current office, if terms of both offices run concurrently.

7/27/71

7/22/75

2/5/05

EMPLOYEE HANDBOOK

Personnel policies that provide information to all Cosmopolitan International employees including Cosmopolitan Diabetes Foundation employees about working conditions, employee benefits, employee responsibilities, and policies or programs effecting employment are contained in the Cosmopolitan International Employee Handbook. The Cosmopolitan International Board reserves the right to revise, supplement, or rescind any policies or portion of the Employee Handbook from time to time as it deems appropriate.

2/17/96

EMPLOYEE REVIEW PROCEDURE

Executive Director and Director of Membership Development

The Executive Director and Director of Membership Development shall each be reviewed by the International President, International President-Elect and Vice President for Membership and New Clubs on an annual basis at least 60 days prior to the Winter Board Meeting. The reviews shall be done separately and in writing and contain the International President's, International President-Elect's and the Vice President for Membership and New Clubs' evaluation of the following areas:

1. Overall job performance
2. Completion of goals
3. Strong points
4. Weak points
5. Current short and long-term goals

The Executive Director and the Director of Membership Development should each respond in writing to their respective evaluation and submit their responses to the Board within thirty (30) days. The Board shall review the evaluations and responses with the International President at the Winter Board Meeting and make recommendations as to the terms and conditions of continued employment for both positions. The Executive Director and the Director of Membership Development shall each be afforded the opportunity to make any appropriate comments with regard to these issues at that meeting.

Employees (other than Executive Director and the Director of Membership Development)

The Executive Director shall evaluate each employee in January of each year. The review shall be in writing and shall contain the Executive Director's evaluation of the following areas:

1. Job performance
2. Strong points
3. Weak points
4. Recommendations for improvement

The employee shall have the option to respond to the evaluations and submit the same to the Board at the February Board Meeting. At the February Board Meeting the Executive Director shall present his/her review, employee responses and his/her recommendations for continued employment, bonuses and salary increases.

This board policy shall not be construed as providing any employee with an employment contract of any kind.

Any employee of Cosmopolitan International, Inc. or any of its Foundations not currently under an employment contract are “employees-at-will” and as such their employment relationship is “terminable at will”.

This board policy is subject to unilateral change by the International Board.

7/21/92 7/31/99 2/8/03

EXECUTIVE COMMITTEE

The Executive Committee of the International Board shall consist of the President, President-Elect, Vice President for Finance and Marketing, Vice President for Membership and New Clubs, and the Judge Advocate.

8/02/91 7/31/99

EXECUTIVE DIRECTOR'S AUTHORITY AND JOB DESCRIPTION

The Executive Director shall perform the duties described in Article XII of the International By-laws and in addition he/she shall:

- (1) Operate and maintain the official headquarters of Cosmopolitan International, Inc., including the equipment, property and supplies thereof, at a location designated by the Board at such expense as may be authorized by the Board in the annual budget.
- (2) Be responsible for the administrative duties of Cosmopolitan International including providing monthly reports regarding the organization's membership, club building activities, and financial status.
- (3) Be responsible for and assist in coordinating travel arrangements, advising club presidents on proper protocol, and assuring that all correspondence received by Cosmopolitan International headquarters is responded to in an appropriate and timely manner.
- (4) Be in charge of the finances of Cosmopolitan International, Inc., receive all funds and other evidence of credit of Cosmopolitan International, Inc., and promptly deposit all such funds in a bank selected and designated by the Board. He/she shall prepare the annual budget for presentation to the Vice President for Finance and Marketing and the Board. He/she shall be responsible for the investment of funds over and above those needed for day-to-day operations with the advice of the Vice President for Finance and Marketing.
- (5) Act as the Editor-in-Chief of the magazine published by Cosmopolitan International.
- (6) Travel at the direction of the President and/or International Board.
- (7) Coordinate with the Director of Membership Development to implement strategies developed to attract potential members and market the organization.

7/27/71 7/22/75 7/16/90 8/02/91 7/31/99 2/8/03

FEDERATION CONVENTIONS

The highest ranking international officer (and their companion) officially attending a federation convention shall have their convention registration and hotel bills paid by the convention and/or federation. The federation's governor and secretary shall be informed of the international officer designated to attend.

7/6/65 7/21/71 7/22/75 1/14/78 7/31/81 7/19/00

FEDERATION GOALS

Each newly-elected governor shall come to the International Convention having appointed all the federation chairmen as provided for in the Newly-Elected Federation Officer Report from many as possible of the federation goals established.

11/2/79 7/31/81 8/6/82 8/2/83

FIDELITY BOND

The executive director shall furnish (at the expense of Cosmopolitan International) a fidelity bond in the amount of \$40,000.

7/9/64 7/27/71 7/22/75

All other employees or persons authorized to sign checks, \$10,000.

2/3/63 7/27/71 7/30/76

FINANCE

For purposes of applying the policy of not spending more than we take in, the guideline shall be the net available cash from operating, investing, and financial activities reflected on a statement of cash flows prepared in accordance with guidelines as promulgated by the AICPA.

A Capital Replenishment Fund shall be established that will be funded annually by an amount approved by the International Board and an expenditure policy be established to be approved by subsequent International Boards.

The Cosmopolitan International budget shall be approved by the current International Board for the upcoming fiscal year.

2/20/93

FISCAL YEAR

The fiscal year for accounting and business for Cosmopolitan International shall be from 7/1 to 6/30 of each year.

7/27/71

GIFT TO RETIRING INTERNATIONAL OFFICERS

A plaque and jeweled lapel pin shall be presented to each retiring officer. The same practice of presenting a plaque and lapel pin to the retiring governor is highly recommended for all federations to adopt.

7/2/57 7/27/71 8/2/83

INCORPORATION OF CLUBS

For legal and tax reasons, and as a protective measure, the board strongly urges that all clubs incorporate according to their respective state or provincial laws. It is recommended that a copy of the constitution and bylaws be submitted for examination and approval by the International Judge Advocate before incorporation.

6/28/58 7/30/76

INSTALLATION OF FEDERATION GOVERNORS AND CLUB PRESIDENTS

All Federation Governors and Club Presidents will be installed at the International Convention following their election.

2/17/90

INSURANCE: PUBLIC LIABILITY

To afford legal protection for all its affiliated clubs and federations, Cosmopolitan International shall annually negotiate and purchase a blanket Comprehensive General Liability insurance policy naming them as insured. The premium and handling costs to be prorated among such clubs and federations, and billed every August 1st directly to the respective clubs and federations. Effective date of insurance renewals shall be August 1st of each year.

Should any clubs not pay its insurance premium within 60 days of billing, it shall then be the federation's responsibility to pay within 30 days.

1/17/76 1/14/79 7/17/78 1/26/79

INTERNATIONAL EXPENDITURES (PREVIOUSLY "CHECK SIGNATURES")

All purchases shall be made by purchase order by the Executive Director. He/she shall sign all checks for Cosmopolitan International and will furnish vouchers of all expenditures for approval in accordance with International Bylaws. Additional signature of the current International President or Vice President for Finance and Marketing is required on those checks over \$2,500. Competitive bids should be sought on items exceeding \$500.00. In the absence of the Executive Director, these duties may be performed by a bonded employee of Cosmopolitan International, duly authorized by the International Board. Provided, however, that no checks shall be drawn against the corporation's accounts unless the Vice President for Finance and Marketing has reviewed the supporting documentation, assigned budget account numbers to such expenditure, and has approved such expenditure in writing as being in accordance with the budget.

7/9/64 7/27/76 1/14/78 2/17/90 2/23/90 7/16/90 7/30/91 2/15/92 7/27/93 7/31/99

INTERNATIONAL PROJECTS

Any proposed International Project must be submitted to the Executive Director at least sixty (60) days prior to the date of the Winter Board Meeting. The Executive Director shall forward the proposal to the Diabetes Committee who shall conduct a feasibility study as to the validity of the project, the fundraising role of the federation in which the project is located, and the overall potential benefit to Cosmopolitan International.

The Diabetes Committee shall report to the International Board at the Winter Board Meeting. In the event that the International Board endorses the proposed project, a description of the project and the endorsement of the International Board shall be circulated to each club secretary within thirty (30) days from the conclusion of the Winter Board Meeting. A two-thirds (2/3) vote of the delegates in attendance at the International Convention is required for approval of the International Project.

3/6/04

JUDGE ADVOCATE

The president-elect will nominate their choice for judge advocate for the following year at the board meeting immediately prior to the opening of the International convention. Action on this choice shall be taken at the beginning of the meeting. 2/4/67

LONG DISTANCE TELEPHONE CALLS

All long distance telephone calls charged to Cosmopolitan International that are not made to a member of Cosmopolitan International, shall be recorded in a permanent log maintained at the office, which log will state the date, telephone number called, brief purpose of the call, and the person making same. 6/23/90

MINUTES

Permanent record of all board meetings, executive committee meetings, and any other meetings, as required, shall be in writing and distributed within 30 days of the close of each function. Executive Director to publish and keep on file a summary of the motions and the vote. 7/27/71 8/3/82 2/17/90

PARTICIPATION WITH OUTSIDE ORGANIZATIONS

Participation of Cosmopolitan International with other organizations in meetings, etc., will be left to the decision of the International President, applying these tests:

- Good of the organization?
- Does it serve Cosmopolitan goals?
- Is it at least of a relatively longtime value?

2/15/64 7/22/75

SAVINGS ACCOUNTS AND INVESTMENTS

Savings and investments must be guaranteed by the full faith and credit of the United States Government, or deposits in institutions insured by the FDIC. Any deposits in an insured institution shall not exceed F.D.I.C. insured limits.

2/15/64 7/27/71 7/30/76 7/22/80 11/6/93

SERVICE CLUB LEADERS CONFERENCE

This annual meeting, wherever held, and as the budget shall allow, shall be attended by Cosmopolitan International's Executive Director, or the Director of Membership Development, and at least one, but not more than two, international officers appointed by the president.

8/3/82 8/2/83 2/8/03

SOLICITATION TO CLUBS

Neither International nor local clubs shall give out rosters to serve as solicitation lists for commercial firms. 1/31/59 7/22/75

SPOUSE OF INTERNATIONAL PRESIDENT

It is expected that the International President's spouse shall accompany him/her on visitations and thus promote Cosmopolitan International business.

7/31/81 2/23/91

STANDING COMMITTEES

The standing committees shall be:

- Action Planning
- Awards and Recognition
- Diabetes and Research
- Finance
- House
- Information Technology
- International Conventions
- Leadership Development
- Marketing
- Membership and New Club Building

Each of these shall consist of three or more members, appointed by the International President immediately after assuming office.

7/28/81 8/2/83 7/26/89 2/23/91 7/24/92 7/27/93 11/4/95 2/15/97 7/25/98 8/7/04 7/20/05

TRAVEL EXPENSE SUBMISSION POLICY

In order to properly reflect the expenses incurred by the officers of Cosmopolitan International in travelling on behalf of Cosmopolitan International, officers shall submit to headquarters all reimbursable expenses incurred by them in travelling on behalf of Cosmopolitan International. Any expenses submitted by an officer which are not reimbursed by International shall be treated as a gift-in kind and reflected in that manner on the books and records of Cosmopolitan International.

7/26/95

TRAVEL REIMBURSEMENT POLICY

The interpretation of ARTICLE XI, Section 8; "Officers shall be reimbursed for travel expenses incurred so long as such expenses are in accordance with the Board Policies and do not exceed the amount set forth in the annual budget," is as follows:

It is the intent of this policy to provide fair and reasonable reimbursement of actual travel expenses incurred for International Officers, including International committee chairs, or any other Cosmopolitan authorized through prior approval of the International President or Board, for travel related to serving Cosmopolitan International within the capacity and responsibility of an International Officer or as directed by the International President or Board. This includes, but may not be limited to, the following:

1. For traveling expenses of International Officers to be reimbursable, the trip must have the prior approval of the International President. This restriction does not apply to International Board Meetings.

TRAVEL REIMBURSEMENT POLICY (continued)

2. Reimbursement for the use of private automobiles for Cosmopolitan International business will be at the IRS allowable rate per mile, but may not exceed the cost of scheduled, coach class, round-trip fare.
3. Reimbursement for the use of commercial airlines for Cosmopolitan International business at the cost of scheduled, coach class, round-trip fare, but may not exceed the cost for the use of a private automobile at the IRS allowable rate per mile.
4. Reimbursement for the use of commercial car rental or shuttle services for Cosmopolitan International business at the cost of scheduled, full-size, unlimited mileage rate, when necessary and authorized in advance by the International President or Board. Where possible, shuttle services should be used to minimize cost.
5. Reimbursement for the use of commercial hotel rooms at the cost of scheduled, double occupancy, for each night of stay required to conduct Cosmopolitan International business.
6. International officers and International committee chairs shall be treated alike.

All travel expenses must be submitted to Headquarters on an approved form within fourteen (14) days of the incurrance of the authorized expense. The Vice President for Finance and Marketing shall review and sign the expense form with the assignment of an appropriate budget account number. The Vice President for Finance and Marketing's expenses shall be reviewed and signed by the International President. The travel expenses covered by this policy shall not exceed the budget for a given activity or function without the approval of the Board and Executive Committee.

If the Vice President for Finance and Marketing determines that there is a surplus in any International Officer's travel budget, the Vice President for Finance and Marketing shall be authorized to transfer that surplus to the travel budget of the International President or any International Officer who, at the request of the International President, is required to do non-budgeted travel. The total of all travel expenditures may not exceed the total travel budget.

7/28/81 8/3/82 7/26/89 2/17/90 11/2/91 2/20/93 7/27/93 2/11/95 7/31/99

USE OF OFFICE

The International Headquarters facility shall be used solely for the purpose of conducting the business of Cosmopolitan International. No person shall use the office, its staff, telephone, fax, computer, photocopy, postage, etc., for his or her personal use.

6/23/90