



# DeMolay International POLICY AND PROCEDURES MANUAL

March 12, 2016



# DeMolay International Policy and Procedures Manual

## Preface

The primary policies governing DeMolay International are covered by the “By-laws and Rules & Regulations” adopted and approved by DeMolay International. This document serves to address corporate governance regarding the roles, responsibilities, and interrelationships of the Board of Directors (BODs) with the Service and Leadership Center staff as well as serving as an operations manual for the Service and Leadership Center dealing with policies and procedures of the operations of the business of DeMolay International.

Corporate governance broadly refers to the mechanisms, processes and relations by which the corporation (DeMolay International) is controlled and directed. Governance structures and principles identify the distribution of rights and responsibilities among different participants in the corporation (such as the Board of Directors, managers, shareholders, creditors, auditors, regulators, and Service and Leadership Center staff) and includes the rules and procedures for making decisions for the Organization. Governance mechanisms include monitoring the actions, policies, practices, and decisions of DeMolay International, their agents, and affected stakeholders.

This manual is a supplement to the “DeMolay International Employee Handbook” which serves as the guide with regard to code of conduct for employees and interns, DeMolay International values, and expectations of employees, and interns of the Service and Leadership Center.

Changes to the Rules and Regulations of DeMolay International may alter these policies from time to time. In all cases, these policies and procedures are subordinate to the By-laws, Rules and Regulations of DeMolay International.

Additional documentation guiding DeMolay operations can be found in the following references:

- DeMolay International Employee Handbook
- Insurance and Risk Management Guide
- Youth Protection Program: Policies, Guidelines and Information for DeMolay Chapters (June 2006 version is under revision by “Nonprofit Risk Management Center”)
- Leaders Resource Guide (under revision)
- DeMolay International 501 (c) (3) Guide

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**100.01 CORPORATE ORGANIZATION**

DeMolay International (“DeMolay”) is organized as a public benefit corporation under the Missouri Nonprofit Corporation Act, Section 3. The purpose for which the corporation is organized is exclusively charitable and educational within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (or the corresponding provision of any future United States Internal Revenue law).

DeMolay International is governed by the DeMolay International By-laws and the DeMolay International Rules & Regulations and therefore this Policy and Procedures Manual does not supersede any governance outlined in such documents but supplements such By-laws and Rules & Regulations.

**100.02 USE OF FACILITIES**

The DeMolay Service & Leadership Center located at 10200 NW Ambassador Dr. Kansas City, MO 64153 is the international headquarters of DeMolay. The building may serve in various capacities other than the general offices of DeMolay.

DeMolay Board members, volunteers, members, and employees may utilize the Service & Leadership Center for DeMolay business at no cost within reasonable business hours upon written request to the Executive Director.

Other organizations may utilize the facilities of the Service & Leadership Center upon request to the Executive Director either at no cost or for a fee negotiated by the organization or Executive Director.

**100.03 CONFLICT OF INTEREST**

Each Board member, officer, and employee has a duty to place the interest of DeMolay foremost in any dealings with DeMolay and has a continuing responsibility to comply with the requirements of this policy.

If a Board member, officer, or employee has a material interest in a proposed transaction with DeMolay or any of its affiliates in the form of a significant personal financial interest in the transaction or in any organization involved in the transaction, or holds a position as a trustee, director, corporate officer, or high-level administrator in any such organization, he or she must make full disclosure of such interest before any discussion or negotiation in such transaction.

The conduct of personal business between any Board member, officer, or employee and DeMolay or any of its affiliates without such prior disclosure is prohibited.

No Board member, officer, or employee shall use his or her position, or the knowledge gained therefrom, to the detriment of DeMolay or any of its affiliates or in such a manner that a conflict between the interest of DeMolay or any of its affiliates and his or her personal interest arises.

Any Board member, officer, or employee who has a potential conflict of interest or who is aware of a potential conflict of interest with respect to any matter shall not participate in any discussion or authorization of or vote in connection with the matter. However, such Board member, officer, or employee shall be available to provide information and answer questions regarding the proposed matter.

To implement this policy, Board members, officer, and employees of DeMolay will file an annual Conflict of Interest Disclosure documenting receipt and knowledge of the Conflicts Policy, along with any interests that need to be disclosed.

#### **100.04 ETHICS**

The proper performance and administration of an effective program requires the services of individuals of integrity, high ideals, and human understanding. To maintain and promote these essentials, DeMolay International expects all members and employees to maintain high standards in their working relationships, provide professional leadership in the Corporation and community, and in the performance of their duties, to:

- A. recognize basic dignities of all individuals with whom they interact in the performance of duties;
- B. represent accurately their qualifications;
- C. exercise due care to protect the mental and physical safety of members, advisors, volunteers, alumni, employees and subordinates;
- D. seek and apply the knowledge and skills appropriate to assigned responsibilities;
- E. keep in confidence legally-confidential information;
- F. ensure that their actions or those of another on their behalf are not made with specific intent to advance private economic interests;
- G. do not accept anything of value (greater than \$20) offered by another for the purpose of influencing judgment;
- H. refrain from using his/her position or public property, or permitting another person to use an employee's position or public property for partisan political or religious purposes.

#### **100.05 GRAND SECRETARY – EXECUTIVE DIRECTOR RELATIONSHIP**

The Executive Director serves as the Chief Staff Officer of DeMolay International. The Executive Director is hired by the Grand Secretary, as pursuant to Bylaws Article VI Section 8 and Article VII Section 5 (b)(1-2) under the supervision of the Board of Directors. The Grand Master is responsible for the organization's consistent achievement of its mission and financial objectives.

The Grand Secretary, as stated under Article VII, Section 4 in the By-laws and Rules & Regulations., shall control the general offices of DeMolay International, under the supervision of

the Board of Directors and Grand Master. As such, the Grand Secretary is responsible for the immediate supervision of the Executive Director.

#### **100.06 EXECUTIVE DIRECTOR – BOD RELATIONSHIP**

The Executive Director shall execute the objectives set forth by the DeMolay Board of Directors under direction of the Grand Secretary.

#### **100.07 BOARD-STAFF COMMUNICATIONS**

If operating in the capacity as a member of the Board, Board members are encouraged to contact the Grand Treasurer for financial questions, the Grand Secretary for operational questions, and the Grand Master for any other questions to ensure employees' projects are properly prioritized by the Executive Director and Grand Secretary.

#### **100.08 DOCUMENT RETENTION AND DESTRUCTION POLICY**

The financial corporate records of DeMolay International are important assets. The law requires the Company to maintain certain types of corporate records, usually for a specified period of time. Failure to retain those records for those minimum periods could subject DeMolay to penalties and fines, cause the loss of rights, obstruct justice, spoil potential evidence in a lawsuit, place the Company in contempt of court, or seriously disadvantage the Company in litigation.

The following documents that should have their retention length evaluated often:

Employment Documents – it is important to retain these records accurately and in their entirety. Employee records should be retained for the length of the employee's tenure, and then for an additional period of five (5) years after an employee leaves DeMolay.

Accounting and Corporate Tax Documents:

Annual financial statements – permanent

Tax returns – permanent

Audit records – 15 years

Paid checks – 5 years

Cash receipts – 5 years

Journal entries – 8 years

1099's issued – 8 years

Bank records – 5 years

Payroll registers – permanent

State unemployment tax records – permanent

Earnings records, including W-2, withholdings, etc. – 5 years after departure

Employment and Termination agreements – permanent

Franchise agreements - permanent

All of these should be kept permanently: Legal Documents include copyright registration, patents, trademark registration, Articles of Incorporation, By-laws, reports and minutes of the Board of Directors.

## **100.09 FISCAL YEAR / CHAPTER YEAR**

The DeMolay fiscal year shall begin July 1 of a year and end on June 30 of the following year.

The DeMolay Chapter year shall begin January 1 of a year and end on December 31 of the same year.

## **BOARD ORGANIZATION AND OPERATIONS**

**200**

### **200.01 ROLES AND RESPONSIBILITIES OF BOARD**

The Board acts as trustee of the organization's assets and ensures that DeMolay is well managed and remains fiscally sound. In doing so, the Board must exercise proper oversight of the organization's operations and maintain the legal and ethical accountability of its staff and volunteers (reference Article VI, Board of Directors of the By-laws of DeMolay International).

The main responsibilities of the Board are:

- (1) Duty of care:
  - a. Board members are expected to actively participate in organizational planning and decision-making and to make sound and informed judgments.
- (2) Duty of loyalty:
  - a. When acting on behalf of the Organization, board members must put the interests of DeMolay before any personal or professional concerns and avoid potential conflicts of interest.
- (3) Duty of obedience:
  - a. Board members must ensure that the organization complies with all applicable federal, state, and local laws and regulations, and that it remains committed to its established mission.

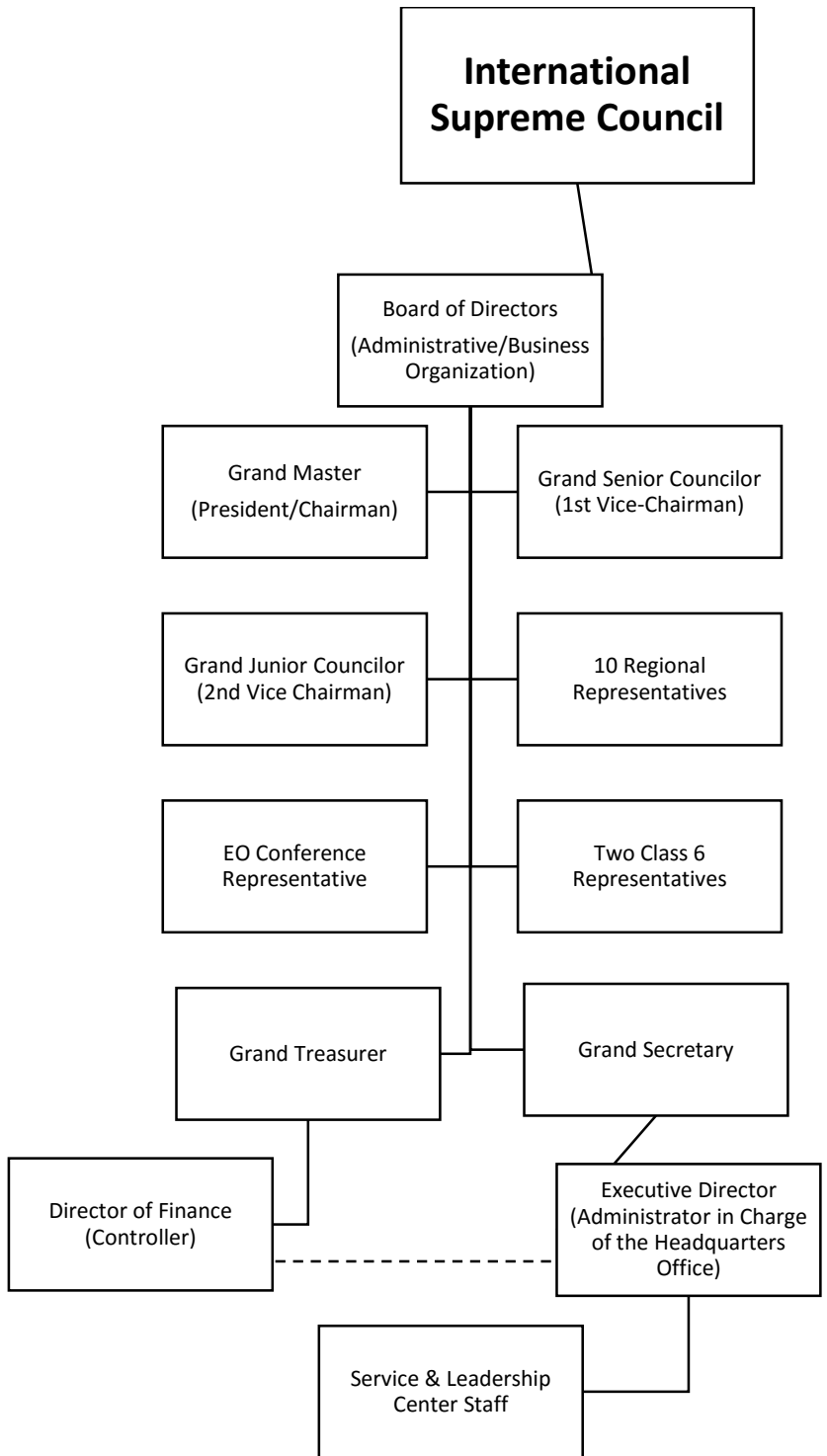
In addition to these responsibilities, the Board acts in a fiduciary role by maintaining oversight of the Corporation's finances. Board members must evaluate financial policies, approve annual budgets, and review periodic financial reports to ensure that the organization has the necessary resources to carry out its mission and remains accountable to the members, volunteers, donors and the general public.

The Board of Directors shall transact all business of DeMolay except matters reserved in the By-laws or the Rules & Regulations.

The Board may adopt policies for DeMolay International.

The Grand Secretary will file and safely keep all documents of DeMolay International, and present those requiring action by the Grand Master, the Board of Directors or DeMolay International to them.

ORGANIZATION CHART OF BOARD OF DIRECTORS



### **200.03 ORGANIZATION CHART OF SERVICE AND LEADERSHIP CENTER\***

- A copy of the Organizational Chart may be obtained from the Executive Director at the Service and Leadership Center.

### **200.04 JOB DESCRIPTIONS OF BOARD OFFICERS AND MEMBERS**

Membership and organization of the BOD is outlined under Article VI, Sections 1-3 of the By-laws of DeMolay International

### **200.05 BOARD EXPECTATIONS**

The DeMolay Board is a governance board, dealing with issues central to DeMolay's long term success. Consistent board meeting attendance helps provide critical governance oversight by the Board and is required. Meeting dates and times for the year are published at the beginning of each fiscal year and are available upon request from the Grand Secretary.

The Grand Master will determine excused absences of BOD members from any official Board meeting. A Board member who is absent from two successive BOD meetings may be deemed to have resigned his membership on the Board.

Some of the work of the Board may be accomplished in committees. Board members are encouraged to join and attend meetings of at least one committee. A list of committees is available on request through the Grand Secretary.

In addition to board and committee work, members of the Board contribute significantly to DeMolay through their work on special projects or by making themselves available on a regular basis for consultation or the Board on issues on which they have special knowledge, experience, or expertise.

Many Board members help arrange for donation of resources or management time from their companies or their network to assist DeMolay on particular issues or problems.

### **200.06 BOARD WHISTLEBLOWING POLICY**

DeMolay requires that all Board members, volunteers, members, and employees exemplify high standards of honesty and integrity and comply with state and Federal law, Board policies, By-laws and Rules & Regulations in their words and actions. To implement these expectations, the Board is required to report possible violations of these standards immediately.

All Board members, volunteers, members, and employees who are aware of words or acts of a Board member, volunteer, member, and employee that may violate Federal or state law, Board policy, or By-laws and Rules & Regulations shall bring the words or actions to the attention of the Grand Secretary. If the Grand Secretary

does not respond within a reasonable time, or the Grand Secretary is the officer whose words or actions are in question, the person shall make the report required by this policy to the Grand Master. If the words or acts that violate this policy are the Grand Masters words or acts, the report shall be made to the Executive Director and be brought to the Board.

After a verbal report of a violation of this policy is made, the Grand Secretary, Grand Master, or Executive Director will direct that reporting individual put the report in writing. If a reporting individual requires assistance in making a written report, the Grand Secretary, Grand Master, or Executive Director shall assist the reporting individual.

All Board members, volunteers, members, and employees making a report required by this policy shall be protected from discipline, retaliation, or reprisal for making a report required by this policy as long as the individual had a good faith belief in the truth and accuracy of the information reported at the time of the report. A report in compliance with this policy is not required if the individual confirms that another individual has reported the same words or actions.

Violations or suspected violations may be submitted on a confidential basis by the complainant. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation. The Grand Secretary will notify the person who submitted a complaint and acknowledge receipt of the reported violation or suspected violation. All reports will be promptly investigated and appropriate corrective action will be taken if warranted by the investigation.

## **200.07 CONFIDENTIALITY**

In order to encourage and foster open and candid discussion at meetings, the Board believes confidentiality must be maintained. Therefore, it is the policy of DeMolay that each Board member and staff member shall keep confidential any and all information relating to discussions at its meetings unless compelled by legal process to disclose such information, or as otherwise agreed by the Board. While Board members are free to discuss the result of Board action items, disclosing any information concerning the discussion of such items during the Board meeting is prohibited.

## **200.08 MEETING OF THE BOARD**

Reference Article VI, Section 4 of the By-laws of DeMolay International

## **200.09 NOTICE OF MEETING**

Reference Article VI, Section 5 of the By-laws of DeMolay International

## **200.10 QUORUM AND VOTING**

Reference Article VI, Section 6 of the By-laws of DeMolay International

## 200.11 BOARD MEETING MINUTES

The Grand Secretary shall record and keep all meeting minutes permanently. The Grand Secretary shall distribute meeting minutes 15 days prior to the next scheduled Board meeting for approval of such minutes. Changes may be proposed and voted on during the next scheduled meeting of the Board. Once approved by the Board, minutes shall be made available to any member or non-member of the Corporation.

Minutes may be distributed electronically or by paper mail.

## 200.12 EXECUTIVE SESSIONS

**Definition.** An executive session is a useful tool for protecting and advancing the best interests of the Organization. Executive sessions provide a venue for handling issues that are best discussed in private, for fostering robust discourse, and for strengthening trust and communication. Executive sessions serve three core functions: (1) they assure confidentiality, (2) they create a mechanism for board independence and oversight, and (3) they enhance relationships among board members and with the Executive Director.

**Calling an Executive Session.** At the option of the chair, or upon majority vote of the directors, an executive session of the board may be called. An executive session of the Board may be called by the chair under the following circumstances: (a) on the advice of counsel, (b) to discuss current pending legal matters, (c) to consult with the auditors and compensation consultants, (d) to acquire or dispose of property, (e) to discuss or act on personnel issues, or (f) to address such other matters as the Board deems appropriate. Executive sessions may take place before, in the middle, or at the end of a regular Board meeting.

**Participants.** Participants in Board meetings can vary from topic to topic and meeting to meeting. In addition to board members and the Executive Director, board meeting participants may include senior staff, constituents and professional advisors. During an executive session, the full board will almost always be there, but the Executive Director may participate for only a portion of the session. Outside advisors (e.g., lawyers, auditors, consultants) may be invited to issue findings or provide professional guidance. On a very limited basis, select senior staff members (e.g., chief financial officer, general counsel, development director) may be included to present a report or provide their perspective, or they may be excluded altogether. Deciding whom to include and when should be determined by the purpose of the session, bearing in mind that an individual can be invited to join for a portion of the discussion and then excused at the appropriate time. Executive sessions emphasize the need for confidentiality and allow the Board to explore sensitive issues without prematurely revealing information. Key staff and professional advisors may be included in executive sessions.

**Basic Guidelines.** While in executive session, only board members and individuals invited by the chair may be present. At the option of the chair, the Executive Director may be excused. Board members may discuss the business conducted in an executive session only with other board members including or not including the Executive Director as directed by the chair, persons present in the executive session by invitation of the chair, and others upon advice of

counsel. Those present will be reminded that the executive session deliberations and minutes are confidential.

Topics may include legal issues, crisis management, significant strategic and business issues as well as roles, responsibilities, and expectations of the Board and Executive Director. The most common reasons for these sessions include executive performance and/or compensation review, personnel issues, and peer-to-peer board discussions.

**Audits.** The BOD, as part of its fiduciary responsibilities, is responsible for the financial audit of the Organization. The auditors should be selected by and report to the Board, and the Board should review and accept the financial audit. At some point in the board's review of the financial audit, the board should meet in an executive session with the auditors without any staff present.

**Executive Director's Performance.** The BOD, in collaboration with the Grand Secretary, is responsible for managing the Executive Director. An executive session allows Board members to share their individual perspectives and to provide input to the Grand Secretary to convey the Board's message. These discussions are best held after information has been gathered in advance using an appropriate performance review tool.

**Chief Executive Compensation.** As with the annual performance review, executive compensation also requires a highly confidential conversation. An executive session is an essential requirement to ensure that the full board understands the compensation philosophy and approves the details of the complete compensation package.

**Executive Succession Planning.** Nonprofit boards cannot delegate responsibility for hiring the Executive Director, and one often-overlooked step in this process is succession planning. Just as the Board needs to pay attention to its current Executive Director, it also needs to pay attention to future leadership needs. Some succession planning conversations should take place between the Board and Executive Director, and others need to occur exclusively among Board members. This helps the Board not only plan ahead, but also be better prepared should the unexpected happen.

**Minutes of the Executive Session.** If the session is an informal discussion, detailed minutes may not be necessary, but the general substance of the executive session itself should be noted. If the session contributed to a board decision about a difficult or important issue, minutes may be necessary. Executive session minutes should be shared only with participants and should not be attached to the regular board meeting minutes. Any confidential documents distributed for an executive session should be clearly marked as confidential and maintained by the Executive Director and/or the board chair. The regular board meeting minutes should indicate when the board went into an executive session, what the primary reason was, any formal decisions that were made in executive session, and when the board came out of executive session.

## **200.13 RECORDS OF BOARD ACTIONS**

The Grand Secretary shall provide DeMolay International with a record of the actions of the Board of Directors at the Annual Meeting. DeMolay International must ratify the actions of the Board of Directors by vote annually.

The Grand Secretary shall add the Actions of the Board to the official record of the Annual Meeting for vote.

## PERSONNEL OPERATIONS

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### 300.01 EMPLOYMENT OF PROFESSIONAL STAFF

All staff other than the Executive Director and the Controller are employed and supervised by the Executive Director. Professional staff serves pursuant to the DeMolay employment handbook distributed and signed annually.

### 300.02 EMPLOYMENT OF THE EXECUTIVE DIRECTOR

DeMolay vests the primary responsibility for administration of the Corporation in the Executive Director.

The Grand Secretary, under direction by the Board of Directors, shall employ an Executive Director as the Chief Staff Officer whenever the position is vacant.

The Grand Secretary shall actively seek the best-qualified and most capable candidate for the position.

The Grand Secretary will seek input in the selection process from the Board of Directors, employee groups, and/or other members of the Corporation. He may be aided in this task by the services of professional consultants with the approval of the Grand Master and Board of Directors.

Recruitment procedures shall be prepared in advance of the search and shall include:

- A. preparation of a written job specification for the position of Executive Director;
- B. preparation of written specifications of qualifications;
- C. preparation of informative material describing DeMolay and its goals;
- D. the requirement that each serious candidate for the position be interviewed by Grand Secretary and/or Committee in a format that encourages the candidate to express his/her management philosophy;
- E. solicitation of applications from a wide geographical area;
- F. consideration of all applicants fairly without discrimination on the basis of race, sex, age, religion, ethnic background, or other condition unrelated to the position of Executive Director.

No person may be employed as Executive Director of DeMolay unless an employment contract has been signed with the Grand Secretary, with the approval of the Board of Directors and the Grand Master.

Such contract shall be in the basic form of the regular contract with an appropriate addendum and shall include:

- A. the term for which employment is contracted;

- B. the salary which the Executive Director shall be paid including the intervals at which he/she shall be paid;
- C. the benefits to which the Executive Director is entitled;
- D. such other matters as may be necessary to a full and complete understanding of the employment contract.

Any candidate's intentional misstatement of fact as to qualifications for employment or the determination of salary shall be considered by the Grand Secretary to constitute grounds for dismissal from further consideration. The person selected for the position of Executive Director shall be required to undergo a background screening reasonably related to the duties he/she will be required to perform, the cost of which shall be borne by DeMolay.

### **300.03 RESPONSIBILITIES OF THE EXECUTIVE DIRECTOR**

This section outlines the general responsibilities of the Executive Director and does not in any way limit the responsibilities of the role.

General Responsibilities:

1. Assure that the organization has a long-range strategy as approved by the Board of Directors, that achieves its mission, and toward which it makes consistent and timely progress.
2. Provide leadership in developing programs, organizational and financial plans with the Board of Directors and staff, and carry out plans and policies authorized by the Board.
3. Promote active and broad participation by volunteers in all areas of the organization's work.
4. Maintain official records and documents, and ensure compliance with federal, state and local regulations.
5. Maintain a working knowledge of significant developments and trends in the field.

In communications, the Executive Director will:

1. See that the Board is kept fully informed on the condition of the organization and all important factors influencing it.
2. Publicize the activities of the organization, its programs and goals.
3. Maintain effective communication with Executive Officers in all Jurisdictions of DeMolay International.
4. Establish sound working relationships and cooperative arrangements with community groups and organizations as approved by the Board of Directors.
5. Represent the programs and point of view of the organization to agencies, organizations, and the general public.

In relations with staff, the Executive Director will:

1. Be responsible for the recruitment, employment, and release of all personnel, both paid staff and volunteers.
2. Ensure that job descriptions are developed, that regular performance evaluations are held, and that sound human resource practices are in place.
3. See that an effective management team, with appropriate provision for succession, is in place.

4. Encourage staff and volunteer development and education, and assist program staff in relating their specialized work to the total program of the organization.
5. Maintain a climate which attracts, keeps, and motivates a diverse staff of top quality people.

In Budget and Finance, the Executive Director will:

1. Be responsible for developing and maintaining sound financial practices.
2. Prepare a budget in collaboration with the staff, the Budget & Finance Committee, and the Board of Directors.
3. Ensure that the Corporation operates within budget guidelines.
4. Jointly conduct official correspondence of the organization with the Grand Secretary and Grand Treasurer, under the supervision of the Board of Directors and the Grand Master.
5. Execute legal documents as approved by the Board of Directors.

### **300.04 EVALUATION OF THE EXECUTIVE DIRECTOR**

The Executive Director's performance should be evaluated periodically in order to assist the Grand Secretary, the Board of Directors and the Executive Director in the proper discharge of their responsibilities and to enable DeMolay to provide the Corporation with the best possible leadership.

The performance of the Executive Director shall be evaluated annually by the Grand Secretary in collaboration with the Board of Directors. Such evaluation shall include an assessment of:

- A. the progress toward the goals of the Corporation;
- B. the working relationship between the Grand Secretary and the Executive Director;
- C. the Executive Director's relationship to staff, volunteers, Board members, Executive Officers and Active members;
- D. the climate of confidence and sense of purpose evidenced at every level in the Corporation.

Assessments will be based on defined quality expectations developed by the Grand Secretary for each criteria being assessed.

The Grand Secretary in collaboration with the Executive Director, shall determine the method by which the evaluation shall be conducted. Such methods may include:

- A. the Executive Director's own self-analysis;
- B. the active participation of the Grand Secretary;
- C. a compilation of assessments on a prepared standard form by the Grand Secretary, which shall then be reviewed jointly by the Grand Secretary and the Executive Director;

As an outcome of the evaluation of the Executive Director's performance, the Grand Secretary should be prepared to judge the advisability of retention of the Executive Director and:

- A. be helped in the determination of the Executive Director's salary;
- B. identify weaknesses and measure the Executive Director's progress toward remediating them;

- C. establish specific objectives, the achievement of which will advance DeMolay toward its goals;
- D. be better able to improve its own performance as the public body ultimately charged with the responsibility of DeMolay.

### **300.05 CREATING A POSITION**

DeMolay recognizes the need to establish positions that, when filled by competent, qualified professional staff members, will assist DeMolay in achieving the goals set by the Board. The Corporation employs only U.S. citizens and others lawfully authorized to work in the United States.

The Executive Director shall verify all new full-time and part-time employees' right to work in the United States according to the Federal Immigration Reform and Control Act of 1986.

With prior approval of the Board of Directors, the Executive Director, under the supervision of the Grand Secretary may:

- A. Add a new position at any time insofar as the salary and benefits for the position are within the budgeted amounts set forth by the Budget & Finance Committee and approved by the Board.
- B. Create new positions and provide each with a job description clearly descriptive of the duties for which the position was created and provide each with a title that conforms to the appropriate certification.

The Grand Secretary, upon prior approval of the Board of Directors and the advice of the Executive Director, may consider the advisability of creating a new position or of increasing the number of professional staff members in an existing position.

### **300.06 PERSONNEL BACKGROUND CHECKS**

To protect youth and other staff members, DeMolay requires an inquiry into the personal background of each applicant the Executive Director employs on the Corporation's administrative staff.

The Executive Director shall establish the necessary procedures for obtaining personal background information on each applicant recommended for employment as an administrator. The background investigation shall include the following:

- A. An expanded national criminal history check of the criminal history record system.
- B. A search of the national sex offender registry maintained by the United States Department of Justice;
- C. An explanation of any employment gaps to ensure the candidate has not omitted an employer where an offense occurred
- D. A detailed background history including all prior employment and volunteer positions;
- E. A Bureau of Motor Vehicles driver history if the position involves driving.

The Executive Director may deny employment to an applicant who is convicted of an offense for which the applicant's license for the position may be revoked or suspended by State law.

The information and records obtained from pre-employment inquiries under this policy are confidential and shall not be released except as necessary to implement this policy or defend a decision made pursuant to this policy.

### **300.07 MANDATORY REPORTING OF CHARGES**

During the course of his/her employment with DeMolay, each Board member and employee shall be required to report any criminal charges to the Executive Director within two (2) business days of the occurrence. The Executive Director shall obtain a review of each reported charge / conviction and shall act appropriately considering the risk to members of the Corporation presented by the continued employment of the employee.

### **300.08 NON-DISCRIMINATION AND EQUAL EMPLOYMENT**

DeMolay prohibits discrimination against and harassment of any employee or any applicant for employment because of race, color, national or ethnic origin, age, religion, disability, sex, sexual orientation, gender identity and expression, veteran status or any other characteristic protected under applicable federal or state law.

All personnel who are responsible for hiring and promoting employees and for the development and implementation of DeMolay programs or activities are charged to support this effort and to respond promptly and appropriately to any concerns that are brought to their attention.

### **300.09 JOB DESCRIPTIONS**

There is a written job description for each employee at DeMolay. The purpose of job descriptions is to establish clear communication between DeMolay and the employee to assure that they have the same perception of their duties, authorities, responsibilities, and measures of performance for a particular position.

Job descriptions also provide the basis for performance evaluation and subsequent wage/salary review. Each employee is responsible for carefully reviewing his or her specific job description, understanding what is required of the job, and agreeing to do the job as outlined.

Job descriptions may need to be updated periodically. Employees who feel that their job description needs to be updated should speak with the Executive Director. Supervisors may create a second tier of job descriptions; if this is done, these will explain in more detail the day-to-day tasks required for various positions.

## **ACCOUNTING**

**400**

### **400.01 CORPORATE CONTROLLER**

Reference Article IX, Section 2 of the By-laws of DeMolay International.

The Controller in DeMolay headquarters reports directly to the Grand Treasurer, who may employ and govern the tenure of the Controller and, in consultation with the Grand Secretary and Executive Director, establish the Controller's salary. The Controller shall perform the duties appropriate to the office, and those assigned by DeMolay International, the bylaws or the rules and regulations or by the Grand Treasurer.

The corporate Controller's duties cover all accounting functions for DeMolay International. To be congruent with DeMolay's organizational chart, the Controller may also operate under the title of Director of Finance.

#### **400.02 GRAND TREASURER – CONTROLLER RELATIONSHIP**

The Controller's performance should be evaluated periodically in order to assist the Grand Treasurer, the Board of Directors, and the Executive Director in the proper discharge of his/her responsibilities and to enable the Corporation with the best possible leadership. The Grand Treasurer shall, with the assistance of the Executive Director, periodically, but not less than every year, evaluate the performance of the Controller.

#### **400.03 CONTROLLER – BOARD OF DIRECTORS RELATIONSHIP**

The Controller is to send out monthly, quarterly, and annual financial statements to the Board as outlined in 500.06

#### **400.04 EMPLOYMENT OF THE CONTROLLER**

The Grand Treasurer, as Chief Financial Officer of the Corporation, will employ and govern the tenure of the Controller.

#### **400.05 RESPONSIBILITIES OF THE CONTROLLER**

Accounting responsibilities include:

- (1) Maintain the chart of accounts
- (2) Maintain an orderly accounting filing system
- (3) Maintain a system of controls over accounting transactions
- (4) Ensure that accounts payable are paid in a timely manner
- (5) Ensure that all reasonable discounts are taken on accounts payable
- (6) Ensure that accounts receivable are collected promptly
- (7) Ensure that monthly bank reconciliations are completed
- (8) Ensure that required debt payments are made on a timely basis
- (9) Process payroll in a timely manner

Reporting responsibilities include:

- (1) Issue timely and complete financial statements
- (2) Assist the production of the annual budget
- (3) Provide financial analyses for cash flow management, capital investments, and contract negotiations
- (4) Assist the BOD & Grand Treasurer in all phases of the annual audit or review

## **400.06 FINANCIAL STATEMENTS**

The organization's financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) in the United States of America. The presentation of the Financial Statements shall follow the recommendation of the Financial Accounting Standards Board (FASB) No. 117, "Financial Statements of Not-For-Profit Organizations." Under GAAP, revenues are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the organization are classified as unrestricted, temporarily restricted and permanently restricted.

The Controller will provide accurate financial reports to the Executive Director, Grand Treasurer, and the Board on a monthly basis.. These reports will address the following:

- (1) Statement of Financial Position
- (2) Statement of Financial Income and Expense
- (3) Actual monthly and year-to-date Financial Performance vs. Budget
- (4) Statement of Cash Flows

## **400.07 ANNUAL BUDGET PREPARATION**

The Budget and Finance Committee, in collaboration with the Controller and Executive Director will create the budget for the Organization's upcoming fiscal year. This generally consists of providing past income and expenses, projecting future income and expenses, and any projected programs or actions that would affect the budget.

DeMolay International and the Board of Directors are prohibited from adopting or amending a budget so as to permit expenditures to exceed revenues (reference Article IX, Section 5 of the By-laws of DeMolay International).

## **400.08 ANNUAL BUDGET APPROVAL**

The budget should be reviewed, discussed, and approved at the Board meeting (usually held in March) prior to the annual Session meeting. The budget should be presented to the Board no later than 15 days prior to the meeting.

Once approved by the Board, the Grand Secretary shall make available the annual budget, to be available with the notice of the regular meeting that is held at Session in June of each year.

## **400.09 BUDGETED APPROVALS**

Any budgeted expenditure that exceeds \$5,000.00 needs written approval from both the Grand Treasurer and the Grand Secretary before a disbursement will be made. Approvals can be via confirmed electronic communication, such as e-mail.

## **400.10 UNBUDGETED APPROVALS**

No officer or employee may authorize or make expenditures not provided for in the budget. Any unbudgeted expenditure must be approved by the Board of Directors by amending the budget, so long as the change does not cause an overall deficit budget.

#### **400.11 PURCHASING/PROCUREMENT**

All supplies, equipment, store inventory, and services (goods and services) shall be obtained in an open and effective manner. All procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition.

The Executive Director is responsible for approving the purchase of all goods and services. The Executive Director may designate another employee to purchase approved goods and services.

Purchase Orders (POs) are required for all purchases of store inventory. PO's are the first official offer from DeMolay to a seller and should indicate type, quantity, and agreed prices for products. The Executive Director must approve all POs before they are sent to potential vendors.

Any expenditure over \$5,000 for a one time service should have solicitations from three (3) suppliers, if possible. The bid should be chosen based on which offer is responsive and responsible to the solicitation and is most advantageous to DeMolay, including price, quality, and other factors.

#### **400.12 USE OF CREDIT CARDS**

DeMolay may issue certain personnel a company credit card for use in their job. The policies of the use of this card include:

- (1) Use of cards are restricted to charge DeMolay International related expenses only. Personal purchases are strictly prohibited.
- (2) The user is responsible for all charges made to the card.
- (3) Each use of the card must be documented by providing to the Accounting Department a completed expense report with receipts attached. The receipt should be submitted to the Accounting Department within ten days of completion of travel or use of the card. If an employee fails to provide receipts and/or does not reimburse DeMolay International for improper charges to the DeMolay International credit card, he/she may be subject to termination,
- (4) Written authorization from the Executive Director must be obtained before using the card if it is not practicable to provide the receipt within ten days or immediately upon returning from a road trip.
- (5) The use of the card will be deemed unauthorized and the employee will reimburse DeMolay International for the unauthorized amount. If a receipt or specific authorization from the Executive Director has not been provided.
- (6) The company card is the property of DeMolay International. A user leaving employment of DeMolay International must surrender the card to the Executive Director, or earlier if requested.

#### **400.13 VENDOR RELATIONS**

Individuals conducting business on behalf of DeMolay have a responsibility to do so in a manner that is objective and ethical. The goal of all such business dealings must be to benefit DeMolay.

The purchase of goods or services from a business in which an individual or their family has a financial interest, or may directly benefit from such purchase, is a potential conflict of interest. Such situations are prohibited unless approved of in writing by the Grand Treasurer and Grand Secretary.

All individuals must not accept gifts, entertainment, meals or travel that might directly or indirectly influence the employees' business judgments or decisions, or that might give the appearance of impropriety.

DeMolay will provide equal opportunity to firms wishing to pursue business relationships. Any promotional benefits that result from a business transaction will be provided to DeMolay, not to an individual employee.

Employees may not accept any sum from any supplier attempting to "reward" the employees for the decision to do business with the supplier. Any acceptance of such sums, or kickbacks, may result in termination of the employees' employment (and possible legal action); and in the termination of the business relationship with the supplier.

#### **400.14 PAYROLL ADMINISTRATION**

DeMolay has a bi-weekly payroll cycle usually culminating in 26 paychecks per calendar year. Employees will receive their check via direct deposit into a bank or credit union of their choosing.

DeMolay will be responsible for submitting and maintaining payroll functions. DeMolay will seek reimbursement for all overpayments made to current and former employees in accordance with all applicable laws. DeMolay will make every effort to arrange a fair and equitable repayment schedule if immediate payment is not possible.

Exempt, salaried employees must report all PTO used per DeMolay's Handbook.

#### **400.15 PAYROLL DEDUCTIONS**

All deductions from an employee's wages shall be in accordance with applicable law and the employee's consent, except as mandated by law.

As required by the Federal Insurance Contributions Act (FICA), DeMolay withholds social security and Medicare tax for all U.S. citizens, residents, and foreign nationals on H-1 visas.

DeMolay is subject to receipt of wage garnishments and federal tax levies. A wage garnishment is a court order to withhold wages from an employee who has a debt that remains unpaid. Federal tax levies are issued by the Internal Revenue Service. DeMolay is also obligated to honor notices of bankruptcy filings and must compute and report any wages earned up to the date of the bankruptcy filing.

Employees may volunteer to deduct specific items from their payroll for the benefit of using pretax funds, these items include:

- (1) 401(k) or similar contributions, up to the maximum amount allowed by law
- (2) Health and dental insurance premiums due to DeMolay

All voluntary deductions will be taken out of the first two pay periods of a month, resulting in 24 calendar year deductions.

#### **400.16 TRAVEL PAYMENT AND REIMBURSEMENT**

All expenses to be reimbursed that occur while traveling must be documented by providing a complete expense report form accompanied by receipts.

Personal automobiles may be used for transportation to and from events. Authorized expenses for driving to the event will be reimbursed at the IRS approved rate.

Authorized cost of ground transportation between home and the airport, and the airport and the event location, may be paid by DeMolay. Authorized transportation services between home and the airport will be reimbursed provided the cost is not more than mileage and parking combined.

DeMolay may cover authorized costs of reasonably priced meals during a trip. The guidelines below should be used when purchasing meals (reimbursement may be adjusted up or down based upon the cost of living where the meal is purchased).

Breakfast - \$15  
Lunch - \$25  
Dinner - \$50

DeMolay may cover the authorized cost of a single room at the event hotel, beginning with the evening before the first scheduled day of participation, through the evening before the last day of participation.

Authorized expenses incurred while participating at an event for such items as local transportation and parking fees may be reimbursable. All other miscellaneous expenses must be documented and then itemized.

Non-reimbursable expenses are those that are not related to DeMolay events. Examples include, but are not limited to, the following:

- (1) All personal effects.
- (2) Personal entertainment.
- (3) Spouse or companion expenses (meals, hotel charges, etc.)
- (4) Difference between DeMolay arranged hotel rooms and a more expensive hotel room charge.
- (5) Difference between coach and first-class airfare.

#### **400.17 PETTY CASH**

The Director of Finance will keep a petty cash box not to exceed \$100.00. Petty cash will be used primarily to purchase office supplies, delivery tips, and other incidental items.

The Director of Finance will keep a petty cash box for the DeMolay Store not to exceed \$100.00. The store's cash is strictly to make change for cash transactions made at the Service and Leadership Center. The Grand Treasurer and Grand Secretary may authorize the increase of this amount at certain times (e.g. ISC Session) when in their opinion it is deemed necessary.

## **400.18 FAIR LABOR STANDARDS ACT (FLSA)**

The Fair Labor Standards Act requires employers to keep certain time and pay records for non-exempt employees. These employees are eligible for the overtime provisions of the Fair Labor Standards Act and must complete monthly time sheets to track all hours worked. DeMolay requires that both the supervisor and employee sign and date time sheets. The signatures certify that the contents of the document are accurate and true. The timesheet may serve as evidence in the event of a future dispute over wages and work injury claim. When noting changes to a previously signed time sheet, the employee and the supervisor should again re-certify all corrections using initials.

## **400.19 SYSTEM OF ACCOUNTING**

DeMolay International uses the accrual basis of accounting with a fiscal year starting on July 1, and ending on June 30 of the following year for internal purposes. The accrual basis is the method of accounting whereby revenue and expenses are identified with specific periods of time, such as a month or year, and are recorded as incurred. This method of recording revenue and expenses is without regard to date of receipt or payment of cash.

Throughout the fiscal year, expenses are accrued into the month in which they are incurred. The books are closed no later than the 15th day after the end of the month. Invoices received after closing the books will be counted as a current-month expense, with the exception of year end transactions. All expenses and income should be recorded in the appropriate year, ensuring that year-end accounting records are accurate.

DeMolay uses the calendar year for tax reporting.

## **400.20 INTERNAL CONTROLS**

DeMolay will plan and take systematic and proactive measures to develop, implement, and maintain adequate and cost effective internal controls. The goals of effective internal controls include reliable financial reporting, effective and efficient operations, compliance with laws and regulations, and protection of the organization's resources.

DeMolay will design, test, and document its internal controls system. Every employee within DeMolay has some role in effecting internal control, including each employee, manager, and director. Roles vary with responsibility.

Preventive internal controls attempt to prevent or deter undesirable acts from occurring by being designed to prevent a loss, error, or omission. DeMolay is to employ these types of controls, including but not limited to:

- (1) separation of duties – deterrent to fraud which reduces the risk of erroneous or inappropriate actions
- (2) proper authorizations
- (3) adequate documentation
- (4) physical security over assets

Detective internal controls attempt to detect undesirable acts that have occurred. They provide evidence after-the-fact that a loss or error has occurred. DeMolay is to employ these types of controls, including but not limited to:

- (1) regular supervisory review of account activity, reports, reconciliations, etc.
- (2) routine spot-checking of transactions
- (3) variance analysis, including budget to actual comparisons
- (4) physical inventories
- (5) internal control self-assessment and internal control review
- (6) independent audit or review

All suspected theft or misuse of assets must be reported immediately to the Executive Director, or the Grand Secretary. Any suspected weakness of internal controls should also be reported.

A complete internal control procedures document should be maintained and updated when appropriate. It should include, but not be limited by the following:

Disbursements:

- (1) No check shall be printed for any disbursement or invoice unless it has been verified to be legitimate by two (2) employees. They will mark their approval by initialing the invoice.
- (2) Once approved, the invoice can be entered into the payables process and a check created.
- (3) Two (2) employees are then required to sign the check. The Executive Director is the only employee who can both a) initial the invoice, and b) sign the check. Nobody from the Accounting Department can initial or sign a check.

Receipts:

- (1) All checks should be restrictively endorsed at the point of receipt.
- (2) All deposits should be counted by two (2) employees to ensure accuracy.

Miscellaneous:

- (1) All changes to payroll must be entered with the Executive Director and one other employee present.
- (2) An annual Audit or Review by an external Certified Public Accountant must be completed annually..

## **400.21 ANNUAL INDEPENDENT AUDIT OR REVIEW AND TIMELINE**

The Board of Directors shall select a Certified Public Accountant to audit or review the books and financial records of DeMolay International. The auditor shall complete the audit or review and report to the Board of Directors as soon after the close of the calendar year as possible. The report must be available to each Class 1 member prior to the annual meeting.

The Controller will work with the Grand Treasurer to select viable accounting firms to complete the audit or review, with confirmation to come from the Board. The Controller will then work with the auditor to ensure that the audit or review is completed in time for the findings to be available and distributed at the annual Session meeting in June of each year.

The Grand Treasurer may mention the findings in his report, as well as letting all Class 1 members know that the report is available. DeMolay's tax and audit or review year ends December, 31.

#### **400.22      COLLECTIONS OF ACCOUNTS PAST DUE**

Accounts past due include, but are not limited to, salary overpayments, fees owed to DeMolay International, deposited checks returned unpaid for insufficient funds, and nonpayment for goods purchased from DeMolay.

The director of Finance should review these accounts every two weeks. Collection efforts should begin no later than thirty days after the obligation has been incurred or other fixed due date.

#### **400.23      ACCEPTANCE OF GIFTS**

Acceptance of any contribution, gift or grant is at the discretion of DeMolay International. Gifts may not be accepted unless they can be used or expended consistently with the purpose and mission of DeMolay.

Gifts generally accepted without review include cash and marketable securities that may be transferred electronically to an account maintained by DeMolay's investment firm, or delivery physically with the transferor's endorsement attached. The value of a stock donation will be the average of the highest and lowest quoted selling price of the stock on the date of the contribution.

Certain other gifts, real property, personal property, in-kind gifts, non-liquid securities, and contributions whose sources are not transparent or whose use is restricted in some manner, must be reviewed prior to acceptance due to the special obligations raised or liabilities they may pose for DeMolay. Decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by the Executive Director in consultation with the Board and the Jurisprudence and Legislation committee.

Gifts may be rejected for anything that:

- (1) would result in DeMolay violating its corporate charter,
- (2) would result in DeMolay losing its status as an IRS 501(c)(3) not-for-profit organization,
- (3) are too difficult or too expensive to administer in relation to their value,
- (4) would result in any unacceptable consequences for DeMolay, or,
- (5) are for purposes outside DeMolay's mission.

DeMolay will respect the intent of the donor relating to gifts for restricted purposes and those relating to the desire to remain anonymous. With respect to anonymous gifts, DeMolay will restrict information about the donor to only those personnel with a need to know.

DeMolay will provide acknowledgments to donors meeting IRS substantiation requirements for property received by the charity as a gift. However, except for gifts of cash and publicly traded securities, no value shall be ascribed to any receipt or other form of substantiation of a gift received by DeMolay

DeMolay will not compensate, whether through commissions, finders' fees, or other means, any third party for directing a gift or a donor to DeMolay

#### **400.24 GIFT TRACKING**

All contributions to DeMolay should be recorded accurately and in a timely manner in accordance with the donor's intent. Details of each donation should be recorded as well, including cash, check, lockbox, or online donation; the campaign or reason for the donation, and any other relevant data.

When checks are not deposited directly by DeMolay's bank via lockbox, they are restrictively endorsed at the point of receipt. All donations are to be reviewed and reconciled by the Accounting Department. Once reconciled, these transactions will then be posted to the General Ledger.

All checks or transactions received and dated on or before December 31st of each year are processed in that calendar year.

#### **400.25 LIST OF DONORS/SOURCES**

An accurate up to date listing of all current donation campaigns is to be maintained by the Controller in the donation tracking software. The Controller should work with the Executive Director to keep the listing up to date.

## **PUBLIC RELATIONS**

**500**

DeMolay has established the following Media Relations Policy in order to ensure clear, factual communications with the public and protect the interests of all Board members, volunteers, employees, and the general public. This policy applies to press releases, analyst reports, contributed articles, presentations at conferences, and any official communications with the media or in a public forum regarding DeMolay.

#### **500.01 OFFICIAL SPOKESPERSONS**

The Executive Director, the Grand Secretary, and the Grand Master are the official spokespersons for DeMolay. They will determine how official DeMolay news is released to the media to ensure consistency, accuracy and veracity. They may choose to perform that function, or delegate it as appropriate.

The following procedure to approve a spokesperson is to be followed in the event Board members, volunteers, or employees of DeMolay are asked by the media for comments or information:.

The Executive Director shall be the internal and external contact for official news and information disseminated to the media through all channels of communication (news releases, media alerts, public service announcements, in-coming & out-going media calls, social media posts). Any documented occurrences in which this policy is not followed will be referred directly to the Grand Secretary and Grand Master for appropriate action.

## **500.02 PRESS / ORGANIZATIONAL COMMUNICATIONS**

DeMolay press releases and other communications are issued at the discretion of the Executive Director, the Grand Secretary, and/or the Grand Master in order to promote DeMolay's accomplishments, activities, news, and other key information.

## **500.03 CRISIS COMMUNICATION PLAN**

DeMolay will develop a Crisis Communication Plan for all Board members, volunteers, members, and employees to utilize in order to maintain a positive image for DeMolay.

The Executive Director of DeMolay International will manage communications through formal, clearly defined channels in order to mitigate crisis, or serious negative repercussions for DeMolay. He will maintain a reputation of leadership and transparency on vital issues and breaking news. In speaking with the media and public, the Executive Director will provide factual information and messages most beneficial to the organization and sector it represents. In all communications, DeMolay will create a positive opportunity for the public positioning of the sector as a whole.

## **500.04 INTELLECTUAL RIGHTS AND USAGE**

The Grand Secretary is responsible for the general extension and promotion of DeMolay. Use of the name "DeMolay" and all other intellectual property belonging to the corporation for commercial or business purposes, unless licensed by DeMolay, is prohibited.

Written permission must be obtained by DeMolay International jurisdictions through the Grand Secretary or Executive Director to sell items to members, volunteers, or the general public for profit. Promotional items for distribution or for sale at cost are not required to have permissions to use the trademarks/service marks of DeMolay.

Under no circumstances may third party vendors (those outside of the organization who sell for personal profit) use any part or parts of the visual identity of DeMolay International for self-promotion or any forms of financial growth. The vendor must obtain a written approval from DeMolay prior to promoting or selling anything

Consistency in the way DeMolay International, all jurisdictions, all Chapters and approved DeMolay International appendant bodies represent themselves is crucial for the success of the DeMolay brand.

## **PROGRAM OPERATIONS**

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## **600.01 VOLUNTEERS**

DeMolay recognizes that more individualization and greater personal attention to the unique needs of members can be provided through the use of volunteers who provide assistance, but not replacement, for professional staff members.

Moreover, utilizing volunteers provides an opportunity to generate community interest and contribute to the public relations effort of the Corporation. Therefore, DeMolay endorses the concept of utilizing community volunteers who are willing to devote time and talent to expand the Corporation.

DeMolay is a youth-led, youth-run program, all youth must be trained to be leaders. Adult role models in DeMolay provide an ideal learning experience for all youth. Every adult volunteer has something valuable to offer.

A description of Volunteer roles can be found in the DeMolay Rules & Regulations Article 14.

## **600.02 BACKGROUND CHECKS**

Youth protection is of paramount importance to DeMolay. Recognizing that this commitment requires sustained vigilance, DeMolay has continued to develop and enhance its efforts to protect youth, regularly consulting with experts from law enforcement, child safety, psychology, and other disciplines to ensure its efforts consistently evolve along with the ever-changing awareness of the dangers and challenges facing youth.

DeMolay takes a multi-layered approach to youth protection:

- (1) local selection of adult volunteers with the support of the national organization;
- (2) education and training, and
- (3) clear policies such as no "one on one" activities and immediate reporting of any concerns.

DeMolay requires that all adult volunteers are background screened in four criteria:

- (1) The National Sex Offender coordinated by the United States Department of Justice
- (2) A Criminal (Felony/Misdemeanor) Check
- (3) A Social Security Trace
- (4) Motor Vehicle Registration Check

DeMolay does not allow any individual to volunteer with the Corporation if they have been convicted of a Class A/First Degree Felony, are listed as an offender in the National Sex Offender Registry, or are fraudulent in their application for volunteering.

## **600.03 RANDOM BACKGROUND SCREENINGS**

DeMolay reserves the right to randomly background screen any registered and approved Board member, Advisor, volunteer, or employee at any time. Every Board member, Advisor, volunteer, or employee will be screened at least once every five years but could be screened more frequently or upon request of a Board member or Executive Officer.

Any requested background screening outside of the normal 5 year rule will be screened at the cost of the Executive Officer or Board member.

## **600.04 FOREIGN BACKGROUND SCREENINGS**

DeMolay recognizes that background screenings in civil jurisdictions other than the 50 states, the District of Columbia, Puerto Rico, and Guam may be unable to be obtained. In such

jurisdictions / countries outside of those listed above, the Executive Officer or volunteer shall obtain a report from the police of the jurisdiction in which the volunteer wishes to participate verifying that the individual has not been convicted of a Class A/First Degree Felony, are not listed as an offender in any national or international Sex Offender Registry, or are truthful in their application for volunteering.

## **600.05      REQUIRED TRAINING**

All potential DeMolay volunteers must complete the DeMolay Advisor Development (DAD) training program in order to be eligible for registration as an approved adult worker. Any adult (age 21 or older) male or female can become a DeMolay Advisor. Master Masons who are under the age of 21 can join the DeMolay Chapter as a member and can even become an officer—but they cannot become an Advisor until they reach their 21<sup>st</sup> birthday. The training is also available to parents or others interested in a better working knowledge of the DeMolay program, whether they want to become an advisor or not.

DeMolay makes every effort to make this training available to local Chapters on request, and schedules DAD Trainings throughout the world, locally. The Executive Officer of the jurisdiction in which the volunteer wishes to serve would be the best to contact for local trainings.

All potential DeMolay Executive Officers must complete Jurisdiction Management Training put on by the Executive Director or another the Grand Secretary or Grand Master deems appropriate. No person may be appointed Executive Officer until they have completed this training.

# **INSURANCE AND RISK MANAGEMENT**

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## **700.01      INSURANCE**

DeMolay purchases insurance to cover itself against various risks. No insurance policy covers every risk. Every insurance policy contains exclusions and conditions which define the limits of the insurance contract. The purpose of this chapter is not to describe in detail all aspects of the insurance coverage. The purpose is, rather, to provide you with a general understanding of the type of insurance that is purchased. If you have any specific questions about the type or extent of the insurance that is in existence at any given time, you should consult the "INSURANCE UPDATE," contact your Executive Officer or the DeMolay Service and Leadership Center.

DeMolay purchases insurance to cover its physical property, including the DeMolay Service and Leadership Center and the other properties owned by DeMolay. DeMolay does not seek to insure the property of any jurisdiction or individual chapters including chapter equipment, lodges, or chapter meeting places.

DeMolay also maintains a Directors and Operators insurance and Workers' Compensation insurance. Again, this does not cover jurisdiction associations or local chapters.

DeMolay provides only limited medical insurance for its members. The member and his parents' insurance is always expected to cover the loss. Refer to the Insurance Update and the Insurance & Risk Management Guide for specifics regarding the limited medical insurance provided.

DeMolay purchases comprehensive general liability insurance to cover the liability of its members and Advisors. This liability insurance applies only to accidents. It never applies to intentional destruction of property or intentional injury to person(s). For specifics of the comprehensive general liability insurance, see the Insurance Update and the Insurance & Risk Management Guide, contact the Executive Officer, or the DeMolay Service and Leadership Center.

DeMolay insurance applies only to liabilities incurred in connection with DeMolay events. It is impossible to define exactly what a DeMolay event is, and is not necessary that we attempt to do so in this document. The importance of recognizing a DeMolay event is simply to insure that our insurance carrier is satisfied that any incident involved DeMolays, and DeMolay Advisors or adult volunteers in conjunction with a DeMolay event. Therefore, in previous sections of this guide, it has been suggested that every event be reflected in the minutes of the chapter, and documented as far as beginning and ending time and participants. This will allow us to prove, if questioned, that the incident involved was a DeMolay event.

The insurance purchased by DeMolay is subject to a deductible. Thus, you should refer to the current Insurance Update and the Insurance & Risk Management Guide for details about the amount of the deductibles and when it applies. Certificates of insurance are often requested by public agencies, such as universities and colleges. A certificate of insurance is simply a document proving that DeMolay carries insurance, and indicates the limits of that insurance. The Executive Officer of each Jurisdiction has been provided with the Insurance Update and the Insurance & Risk Management Guide and a copy of the declaration sheet for the DeMolay insurance. This declaration sheet may be useful in providing proof of insurance and in many situations, will be adequate instead of a certificate of insurance.

## **700.02        INSURANCE COVERAGE**

Volunteers are not indemnified by the Directors and Officers Liability Coverage through DeMolay. General liability insurance is provided as part of the DeMolay insurance coverage. Even with limited coverage from DeMolay, Board members, volunteers, and members still could be named in a lawsuit. DeMolay recommends all volunteers speak with your insurance agent/broker about adding a Personal Umbrella Policy to his/her Homeowners or Renters insurance.

DeMolay policies do not cover automobile accident damage. No one should drive if they do not have insurance. DeMolay does not have an official age restriction for drivers but recognizes that Executive Officers or other volunteers within a jurisdiction may set a more strict policy regarding the age of drivers for DeMolay Activities.

## **700.03        INSURANCE PAYMENT**

The Controller will invoice all participating DeMolay International jurisdictions for insurance on an annual basis.

The annual invoice shall be distributed as soon as available, but shall be no later than January 31 and due 60 days following distribution, whether electronic or by mail.

## 700.04 RISK MANAGEMENT GUIDE

DeMolay has available the Insurance & Risk Management Guide both electronically and printed.

## YOUTH PROTECTION

800

**NOTE:** Current policies and guidelines are reflected as part of the document entitled “Youth Protection Program: Policies, Guidelines and Information for DeMolay Chapters” published in June 2006. A contract for consultant services was signed in December with the “Nonprofit Risk Management Center” to review and recommend existing policies and guidelines for DI’s youth protection program.

### 800.01 Purpose

DeMolay is committed to ensuring the safety and security of DeMolay youth participants through dedicated youth protection practices, and a strong youth protection policy. DeMolay’s commitment to the protection of youth helps ensure a safe and positive place for DeMolay members to learn, grow, and become the best possible leaders. DeMolay’s goals for its youth protection program include:

- Providing a safe and positive environment for youth participants and other DeMolay participants and stakeholders
- Instilling confidence in DeMolay parents, advisors, volunteers, youth, and the community that DeMolay is a safe and protective environment
- Educating and providing resources about strong youth protection practices

### 800.02 Advisor Selection Process

#### 1. Application

All applicants for DeMolay advisor or adult volunteer positions must complete and submit a written application and registration form, which must be submitted to the Executive Officer and DeMolay International headquarters. All applicants must provide references, including contact information for any DeMolay chapters with which the applicant was previously associated. Additionally, each applicant must grant DeMolay permission to conduct a criminal history background check and pay any cost associated with the background check.

#### 2. Training and Education

All applicants must complete the Adult Worker Training Program, and any other continuing education required by the Executive Officer or DeMolay.

#### 3. Criminal History Background Check

DeMolay applicants and volunteers are subject to a criminal history background check when they begin working with DeMolay, and periodically thereafter. Any current employee or volunteer must self-disclose convictions that occur during their service to DeMolay no later than three business days of the conviction. DeMolay requires criminal history background checks between each individual’s fourth and fifth year of service at DeMolay. Additionally, DeMolay will run approximately 50 random criminal history background checks per year.

#### 4. Advisor Selection Criteria

Applicants for advisor or adult volunteer positions will be evaluated based upon the following criteria:

- An applicant must truthfully and accurately complete the advisor selection process required by DeMolay International.
- An individual who has a past history of sexual crimes, child abuse, sexual molestation of children, or convictions for any crime in which children were involved is disqualified from working with DeMolay in any way.
- An individual who has pending charges against him/her involving children is disqualified from working with DeMolay in any way.
- An individual who has a history of violence or sexually exploitive behavior is disqualified from working with DeMolay in any way.
- An individual who was terminated from a paid or volunteer position due to misconduct with a child is disqualified from working with DeMolay in any way.

The conviction for a crime unrelated to the applicant's responsibilities for DeMolay will not automatically result in disqualification from service as a DeMolay advisor or adult volunteer, and is ultimately at the discretion of the Executive Officer, who may consider other factors when evaluating criminal history records. The totality of the record, including the recency of the offense, the completeness of the available information, and the nature of the offense, will be considered when determining whether an applicant should be disqualified.

Any decision regarding applicants or volunteers deemed ineligible for positions at DeMolay will be documented, and kept on record.

#### *5. DeMolay Advisor Status*

Applicants cannot serve as DeMolay advisors, or volunteer in DeMolay programs or activities until they have undergone all of the above listed processes and have received an acceptance letter and advisor card from DeMolay International.

DeMolay requires each advisor and volunteer to renew their registration materials on an annual basis. Reappointment is not automatic, and is ultimately at the discretion of the Executive Officer.

### **800.03 Supervision**

#### *1. Visual Access*

Advisor and adult volunteers should avoid being isolated with individual DeMolay youth. If a conversation between an adult and a DeMolay youth needs to be held in confidence, the adult should select an area where the conversation cannot be overheard, but is in the visual range of others, such as an outdoor clearing, or a windowed room with an open door. Rooms with closed doors, closed tents, motor homes, vehicles or other secluded locations where there is no visual access to others should be avoided.

#### *2. Two-Deep Leadership*

At least two DeMolay advisors or volunteers must be in attendance on all DeMolay trips, outings and chapter activities.

#### *3. Rule of Four*

For all DeMolay programs and activities, no fewer than four individuals (at least two adults) should be in attendance. The purpose of this rule is to ensure that in the situation where an incident occurs, one party can stay with the injured party while the other two go for help.

#### *4. Advisor to Youth Ratio*

At least two DeMolay advisors or volunteers must be in attendance at all DeMolay programs and activities. For groups of 10 or fewer DeMolay youth, two advisors or volunteers are required. For groups of greater than 10, one additional advisor or volunteer is required for every 10 additional youth.

### 5. *Parental Involvement*

Parents should be notified of all official DeMolay activities. These communications may be verbal, in writing, via phone or via email. Communications should always include the date, location, beginning and ending times for the activity, and contact information for the DeMolay advisors or volunteers who will be in attendance. Parents are always welcome and encouraged to participate in DeMolay activities.

## 800.04 Prohibited Activities

### 1. *Abuse and Physical Force*

- **Physical violence**—slapping, spanking, corporal punishment and similar behaviors, at DeMolay activities by DeMolay advisors or adult volunteers or by DeMolay youth is prohibited.
- **Sexual contact or behavior**—touching or exposure of an area typically covered by a bathing suit, by DeMolay advisors or adult volunteers or by DeMolay youth is prohibited. This includes patting another person’s buttocks, skinny dipping, or “mooning” others. DeMolay advisors and adult volunteers should always change clothes and shower separately from DeMolay youth.
- **Sexually explicit materials**—sexually oriented or pornographic videos, magazines, photographs, games or other media are not permitted at any DeMolay activities.
- **Inappropriate relations**—DeMolay advisors or adult volunteers are strictly prohibited from dating, or engaging in romantic or sexual relationships with children or underage DeMolay youth.
- **Neglect**—DeMolay advisors or adult volunteers are prohibited from punishing DeMolay youth by withholding food, water or medical assistance.

### 2. *Hazing and Bullying*

Any intentionally harmful behavior directed toward a specific youth or group of youth meant to cause physical danger, intimidate, cause emotional or psychological harm or discomfort, or cause isolation, humiliation or ridicule is prohibited, whether by DeMolay advisors or adult volunteers, or by DeMolay youth. This includes forced consumption or use of any substance, physical force or brutality in any form, confinement, exposure to the elements, sleep deprivation, online humiliation and any other activity that is not consistent with the authorized activities and principles of DeMolay.

### 3. *Drugs, Alcohol & Stimulants*

The use or possession of mind-altering substances, including alcohol or illegal drugs, or the abuse of over-the-counter or prescription drugs, or any other substance for non-medicinal purposes by DeMolay advisors or adult volunteers, or by DeMolay youth is prohibited during DeMolay activities. Additionally, energy drinks containing stimulants such as caffeine, ginseng, and guarana are strongly discouraged at DeMolay activities due to potential adverse medical consequences.

### 4. *Blindfolding*

Hoodwinks or blindfolds are prohibited in all DeMolay ceremonies.

### 5. *Unauthorized Ceremonies or Organizations*

Only ceremonies published in the DeMolay Ritual, or the Monitor of Ceremonies, or those approved in writing and in advance by the Executive Officer, may be performed. All secret activities, unofficial organizations and unsanctioned ceremonies are not authorized by DeMolay International and are not permitted as part of any DeMolay activity.

### 6. *Violations*

DeMolay has a Zero Tolerance policy with regard to the use of alcohol, illegal drugs, hazing or any physical, verbal, sexual or emotional abuse of any kind by DeMolay advisors, adult volunteers, or DeMolay youth.

Any violation of these provisions may result in suspension or expulsion from all future DeMolay programs and activities.

Although there is not a definitive list of prohibited offenses, any DeMolay advisor or adult volunteer should expect to be suspended, expelled or disqualified from future participation in DeMolay programs and activities if they:

- (1) Physically, verbally or sexually abuse another person, or allow it to happen
- (2) Endanger the life or well-being of another person (i.e. reckless driving, assault with a weapon), or allow it to happen
- (3) Provide, or allow others to provide illicit substances to another person
- (4) Utilize or allow any kind of hazing or scare tactics in any DeMolay program or activity with the intent to frighten, degrade, humiliate or otherwise harm another person, including through old traditions that are no longer deemed acceptable DeMolay activities

Additionally, if any of these actions violate applicable federal, state or local laws, they will be reported to the appropriate authorities for further investigation and possible prosecution.

## **800.05      *Activities Requiring Special Approval or Consideration***

### 1. *Physical Contact*

DeMolay advisors and adult volunteer should avoid unnecessary physical contact with DeMolay youth, including, but not limited to, touching the leg of a youth, tickling, and wrestling.

### 2. *Photography & Videography*

DeMolay advisors and adult volunteers are prohibited from taking photographs or videos of DeMolay youth for personal use, or for posting on personal social media sites. Photographs and videos of DeMolay activities must be representative of the values of the organization and should not be taken or published without the written permission of the DeMolay youth pictured, or the permission of their parents if they are minors.

### 3. *Activities in Private Homes*

Activities involving DeMolay advisors or adult volunteers and DeMolay youth in private homes should not be conducted without the prior approval of the chapter's Advisory Council and notice and written permission from all parents or legal guardians. During these activities, all DeMolay youth protection provisions, including two-deep leadership, must be followed.

### 4. *Overnight Trips or Activities*

Any overnight trips or activities require written approval from each DeMolay youth's parent or legal guardian, and can never be held in the residence of a DeMolay advisor or adult volunteer. DeMolay advisors and adult volunteers may never stay in rooms with youth who are not their children.

It is recommended that DeMolay youth be housed in by age range such as 12-14, 14-16, 15-17, 18-20.

### 5. *Transportation*

In most situations, DeMolay youth are responsible for arranging for their own transportation to and from DeMolay activities. However, in some situations, a DeMolay adult volunteer may provide transportation for DeMolay youth. In these situations, an adult volunteer may drive a few DeMolay youth home. When the second-to-last DeMolay youth has been dropped off, the last youth should call his parents or legal guardians to notify them of his expected arrival time.

### 6. *Discipline*

Discipline used during DeMolay programs and activities should be constructive and reflect DeMolay's commitment to teach and emulate respect and responsibility. Corporal punishment is never permitted.

## **800.06 Reporting**

### 1. *Abuse Definition*

DeMolay defines abuse as any action, inaction, or event that endangers or injures the physical, psychological, or emotional well-being of a DeMolay youth.

### 2. *Disclosed, Suspected or Actual Abuse or Injury*

Any time an incident of abuse or injury is disclosed, alleged or occurs, or if a concern about the potential for abuse or harm arises, the DeMolay advisor or adult volunteer who identified the situation will:

- Call 911 or notify the local child protection agency
- Notify the parents or legal guardians of all youth involved, as directed by the authorities
- Notify the jurisdiction's Executive Officer within 24 hours, and provide a written report documenting the situation and all factual information and allegations

The Executive Officer will:

- Notify DeMolay International and the Advisory Council or Sponsoring Body, as appropriate
- Place the alleged perpetrator, if they are a DeMolay advisor or adult volunteer, on leave from DeMolay programs and activities pending the completion of an investigation
- Notify the appropriate insurance provider

All reported suspicions and incidents will be reviewed by DeMolay to determine whether further action needs to be taken, whether current policies and procedures need to be revised to prevent similar future occurrences, and whether additional training or learning opportunities could prevent or reduce the likelihood of similar incidents in the future.

### 3. *Additional Resources*

In some instances, DeMolay advisors or adult volunteers may hesitate to make a report because they feel that they lack sufficient information, or they do not fully understand the situation. It is important to remember that making a report only requires suspicion, and not proof. For guidance about making a report and what to expect, DeMolay advisors and adult volunteers may choose to reach out to an external hotline for confidential guidance, such as the *Childhelp* hotline at (800) 422-4453.

and operating in the State of Missouri. Its purpose focuses on generating philanthropic support. The DeMolay Foundation is a tax-exempt body governed by a nine member volunteer board of trustees who serve staggered three year terms. Since its establishment, the DeMolay Foundation's purpose has remained the same and is reflected in the mission. The Foundation provides financial support for educational materials, programs, undergraduate and post-graduate scholarships, leadership training, special projects, and support for the Service and Leadership Center.

#### **900.01 Mission**

Secure philanthropic funding to support the mission, programs and services of DeMolay International.

#### **900.02 Vision**

To strengthen DeMolay International by providing support toward programs and services that provide members the opportunity to realize their potential in service and leadership.

There are five elements that drive the vision for DeMolay Foundation:

- Cultivate Future Leaders
- Support Volunteer Efforts
- Enhance Member's Benefits
- Grow and Retain Membership
- Preserve Our Past

#### **900.03 Focus of Support**

The financial support provided from DeMolay Foundation to DeMolay International focuses on three areas.

- Scholarships – Recognizing the “best of the best” in DeMolay
- Programs and Services – Adding value to and growing membership in DeMolay
- Headquarters and Historical Artifacts – DeMolay's home and DeMolay's past

Financial support to the DeMolay Foundation enables scholarships to be awarded to brothers in both undergraduate as well as post-graduate studies. Further, while these scholarships provide a direct benefit to individual members, the opportunities for scholarships serves as a recruitment tool to local chapters.

Gifts to the DeMolay Foundation provide support to new and existing programs and services that provide value added benefit to membership. In addition, funding from DeMolay Foundation ensures current and future volunteer leaders are properly trained, equipped and supported. Support also enables DeMolay International to maintain the building and grounds, provide upkeep and maintenance to the DeMolay Service and Leadership Center facility. This includes the security and preservation of historical items and artifacts from the Frank S. Land estate.

#### **900.04 Service and Leadership Training Center**

DeMolay's Service and Leadership Training Center serves as the headquarters of DeMolay International. The building and property is owned by the DeMolay Foundation. The historical contents identified in appraisal documents and bequeathed to DeMolay by Frank S. Land is owned by DeMolay Foundation.

## **900.05 Staff and Volunteers**

Personnel of the DeMolay Foundation are considered employees of the DeMolay Foundation, separate from DeMolay International, and are managed by DeMolay Foundation trustees or their designee. The DeMolay Foundation shares common employee policies with DeMolay International as prescribed in the DeMolay International Employee Handbook. In addition, DeMolay Foundation employees are provided the same benefits offered to DeMolay International staff.

DeMolay Foundation trustees appoint volunteers to serve in various standing and ad hoc committees for the purpose of conducting business toward fulfilling DeMolay Foundation's mission. These volunteers serve by invitation of the Chair of the DeMolay Foundation and with the approval of the DeMolay trustees.

## **900.06 Founders' Society**

The Founders' Society pays tribute to Frank S. Land, the founder of DeMolay, the nine young men who came together in the beginning and the adult leaders who began the formation of DeMolay. Individuals recognized in the Founders' Society have indicated to DeMolay that they have included DeMolay International or DeMolay Foundation in their planned giving estate plans. The following types of gifts are accepted by DeMolay:

- Outright Contributions
  - Cash
  - Securities
  - Tangible Personal Property
  - Real Estate
  - Qualified Charitable Distributions from IRA
  
- Deferred Gifts
  - Living Trust
  - Family Trust
  - Charitable Remainder Annuity Trust
  - Charitable Remainder Unitrust
  - Pooled Income Fund
  - Charitable Lead Trust
  - Life Insurance Gift
  - Charitable Bequests and Beneficiary Designations (Gifts by Will)
  - Charitable Gift Annuity

## **900.07 Gift Acceptance Policies**

DeMolay Foundation solicits and accepts gifts for purposes that will support DeMolay International and its mission. The following policies and guidelines govern acceptance of gifts made to DeMolay Foundation for the benefit of any of its operations, programs, services, scholarships and property:

Restrictions on Gifts – DeMolay Foundation will not accept gifts that:

- would result in DeMolay Foundation losing its status as an IRS 501(c)(3) not-for-profit organization;

- are too difficult or too expensive to administer in relation to their value;
- would result in any unacceptable consequences for DeMolay Foundation;
- are for purposes outside the scope of DeMolay Foundation's missions.

Decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by the DeMolay Foundation Trustees.

Types of Gifts Accepted by DeMolay Foundation:

- Cash
- Securities
- Tangible Personal Property
- Real Estate
- Qualified Charitable Distributions from IRA
- Deferred Gifts
- Living Trusts
- Family Trusts
- Charitable Remainder Annuity Trust
- Charitable Remainder Unitrust
- Pooled Income Fund
- Charitable Lead Trust
- Life Insurance Gift
- Charitable Bequests and Beneficiary Designation Gift by Will
- Charitable Gift Annuity

Gifts Generally Accepted Without Review:

- Cash gifts are acceptable in any form, including by check, money order, credit card, wire transfer, or on-line.
- Marketable securities may be transferred electronically to an account maintained at the brokerage firm of record or delivered physically with the transferor's endorsement attached. All marketable securities will be sold promptly upon receipt unless otherwise directed by DeMolay Foundation's Investment Committee. In some cases marketable securities may be restricted, for example, by applicable securities laws or the terms of the proposed gift; in such instances the decision whether to accept the restricted securities shall be made by the Finance Committee.

Gifts Accepted Subject to Prior Review: Certain forms of gifts or donated properties may be subject to review prior to acceptance. Examples of gifts subject to prior review include, but are not limited to:

- Charitable Remainder Trusts. DeMolay Foundation will accept designation as a remainder beneficiary of charitable remainder trusts.
- Charitable Lead Trusts. DeMolay Foundation will accept designation as an income beneficiary of charitable lead trusts.
- Bequests and Beneficiary Designations under Revocable Trusts, Commercial Annuities and Retirement Plans. Donors are encouraged to make bequests to DeMolay Foundation under their wills, and to name DeMolay Foundation as the beneficiary under trusts, commercial annuities and retirement plans.

- **Tangible Personal Property.** The Finance Committee shall review and determine whether to accept any gifts of tangible personal property, including works of art, in light of the following considerations: does the property further the organization's mission? Is the property marketable? Are there any unacceptable restrictions imposed on the property? Are there any carrying costs for the property for which the organization may be responsible? Is the title/provenance of the property clear? What is the estimated value of the property?
- **Life Insurance.** DeMolay Foundation will accept gifts of life insurance where DeMolay Foundation is named as both beneficiary and irrevocable owner of the insurance policy. The donor must agree to pay, before due, any future premium payments owing on the policy.
- **Real Estate.** All gifts of real estate are subject to review by the Finance Committee. Prior to acceptance of any gift of real estate, DeMolay Foundation shall require an appraisal, current within the past 6 months and an initial environmental review by a qualified environmental firm. Criteria for acceptance of gifts of real estate include: Is the property useful for the organization's purposes? Is the property readily marketable? Are there covenants, conditions, restrictions, reservations, easements, encumbrances or other limitations associated with the property? Are there carrying costs (including insurance, property taxes, mortgages, notes, or the like) or maintenance expenses associated with the property? Does the environmental review or audit reflect that the property is damaged or otherwise requires remediation?