

MFA ADMINISTRATIVE OPERATING PROCEDURES

(Adopted by the Board of Governors 10/01/2011)

The following represents Association elements that outline the policies under which the Association will operate and its Board members, Officers and members of the Executive Committee, and MFA staff. Contained in Appendix A are policy guidelines required by the IRS.

VISION STATEMENT

The Maryland Forests Association envisions a future in which vibrant forests are maintained throughout the State, providing diverse economic and environmental benefits to all.

MISSION STATEMENT

The mission of Maryland Forests Association is to conserve and enhance forests in Maryland by:

- increasing awareness of the diverse public benefits of forests;
- supporting the sustainable use of forest resources;
- promoting economic opportunity for forest landowners; and
- maintaining a viable local forest products industry.

DUTIES OF MFA BOARD MEMBERS

The Board of Governors will have supervision, control, and direction of the affairs of the Association, its committees, and publications; will determine its policies; will actively promote its objectives; and supervise the disbursement of its funds. Board members are elected by the members of the Association and must be current members of the Association.

1. Board members serve for a three-year term.
 - a. One-third of the Board is elected each year for a 3-year term.
 - b. Board members will be elected by the general membership.
2. Work to insure sound fiscal management of the Associations assets.
3. Represent themselves as advocates for forestry on the Board and in Association business.
4. Assist in membership activities, including fundraising, as well as attending and actively participate in MFA activities/events in their region.
5. Attend and actively participate in MFA Board of Governor's quarterly meetings.
 - a. Board members are expected to attend at least 3 of the 4 meetings per year.
 - b. Any board member who misses two meetings in row is subject to removal from office by a 2/3 vote of the Board members present.
6. Actively serve on at least one MFA committee.

7. Attend and actively participate in the MFA Annual Conference.
8. All Board members are expected to notify the President or Executive Director if they will be absent from a Board meeting.

DUTIES OF THE EXECUTIVE COMMITTEE MEMBERS

The Executive Committee has two components: The Officers of the Board elected annually by the Board and the Program Chairs appointed annual by the Board. In addition to providing leadership to the Board, the Officers of the Board will oversee and contract for staff and oversee the annual evaluation and compensation reviews of said staff.

DUTIES OF THE PRESIDENT

1. The President will be the chief elected officer of the Association and serve as Chair of both the Board of Governors and the Executive Committee.
2. He or she will preside at meetings of the Board of Governors, the Executive Committee and the membership.
3. The President will serve as an ex-officio member of all committees except the Governance Committee and will make all required appointments of standing and special committees.
4. He or she will ensure that all orders and resolutions of the Members and Governors are acted upon.
5. Upon election of a successor, he or she will serve as the Immediate Past President.

DUTIES OF THE FIRST VICE PRESIDENT

1. Serve as successor to the President.
2. Fill-in for the President in his or her absence.
3. Serve on the Governance Committee.
4. Plays a key role in identifying and developing future leadership for the Board.

DUTIES OF THE IMMEDIATE PAST PRESIDENT

1. Serve as Chair for the Governance Committee.
2. Plays key role in identifying and developing future leadership for the Board.
3. Fill-in for the President in his or her absence if 1st Vice President is unavailable.

DUTIES OF THE SECRETARY / TREASURER

1. The Secretary-Treasurer will oversee:

- a. The Association's funds and records;
- b. The collection of members' dues and/or assessments;
- c. The establishment of proper accounting procedures for the handling of the Association's funds; and,
- d. The performance of an annual audit or financial review by a qualified accountant.

2. The Secretary-Treasurer will report on the financial condition of the Association at all meetings of the Board of Governors and at other times as called upon by the President.

2. The Secretary-Treasurer will serve as Chair of the Budget Committee.

3. The Secretary-Treasurer will oversee the proper recording and safekeeping of proceedings of meetings of the Association and the Board of Governors, and will ensure that accurate records are kept of all members.

4. He or she will have the authority with the President to sign all authorized instruments of the Association.

PROGRAM COMMITTEES

These committees relate directly to the purpose and function of MFA and are tied to MFA's Strategic Plan. The President and Executive Director of MFA will serve as an ex-officio member of all standing committees. Committee chairs will be named and appointed annually, either from within the Board or from within the general membership, by the Board and will have a seat on the Executive Committee for that year. Each Board member will actively serve on one committee each year. Committee chairs will convene meetings to accomplish project goals and report its progress to the Board. When at all possible, each committee, unless otherwise specified, will consist of at least one Board member from each region.

MFA PROGRAM COMMITTEES:

- GOVERNANCE
- BUDGET
- EDUCATION AND OUTREACH
- MEMBERSHIP
- POLICY

THE GOVERNANCE COMMITTEE

The Governance Committee will consist of the First Vice President, the Immediate Past President and a Member-at-Large from the Board. The Immediate Past President will serve as Chair and the Executive Director as a non-voting member.

This committee is responsible for:

1. Identifying, recruiting, and mentoring leadership potential for the Association and successional stability for the Executive Committee.
2. Along with two additional non-officer members named by the President, is responsible for presenting annually to the membership at least one candidate for each vacated Board of Governors position in accordance with Article X, Section 1 of the Association's Bylaws.
3. Present annually to the Board one candidate for each elected position in accordance with Article X, Section 1 of the Association's Bylaws.
4. Orientation and education of the Board as to the responsibilities of a board member, a committee member, and an officer.
5. Oversight of the activities of the Board and Committees as to direction in relation to the Association Mission.
6. Report to the board annually on the performance of the board and committees as to achievement of goals and direction.
7. With the Budget Committee, oversee compliance with the Internal Revenue Service Revised Form 990 policy requirements listed below and detailed in Appendix A - The Internal Revenue Service has issued a Form 990 annual tax return/report that must be submitted by most federal income tax exempt Associations, including trade associations, professional societies, cause/social welfare groups, and charitable/ scientific/educational Associations.
 - Conflict of Interest Policy
 - Whistleblower Policy
 - Document Retention and Destruction Policy
 - Policy on the Process for Determining Compensation
 - Joint Venture Policy

THE BUDGET COMMITTEE

The Budget Committee will consist of the President, the Secretary-Treasurer, and the Immediate Past President.

This Committee is charged with presenting to the Board of Governors an annual balanced budget that best represents the needs and obligations of the Association; and is further charged with managing and monitoring said budget and making appropriate adjustments to insure sound fiscal management of the Associations assets. An annual internal audit of MFA's financial records will be completed in November in conjunction with the Fourth Quarter Board meeting. A special workgroup will be assigned this task prior to the meeting.

With the Governance Committee, the Budget Committee oversees compliance with the Internal Revenue Service Revised Form 990 policy requirements listed below and detailed in Appendix A - The Internal Revenue Service has issued a new Form 990 annual tax return/report that must be submitted by most federal income tax exempt Associations, including trade associations, professional societies, cause/social welfare groups, and charitable/ scientific/educational Associations.

- Conflict of Interest Policy
- Whistleblower Policy
- Document Retention and Destruction Policy
- Policy on the Process for Determining Compensation
- Joint Venture Policy

THE EDUCATION AND OUTREACH COMMITTEE

The Education and Outreach Committee of members volunteering to serve and will be chaired by a member in good standing who will be appointed annually by the Board from within the ranks of the Board or General Membership.

- The Master Logger Steering Committee is a self-contained subcommittee of this program area and will be responsible for the direction of the Maryland/Delaware Master Logger Program. The state coordinator for the MD/DE Master Logger Program will serve as committee chair, unless another committee member is named. The committee is composed of the Sustainable Forestry Initiative (SFI) representatives from Maryland's forest industry members, a representative of the Department of Natural Resources Forestry Division, a representative from the Maryland Department of the Environment, Delaware Department of Forestry, and the University of Maryland Extension.

THE MEMBERSHIP COMMITTEE

The Membership Committee will be comprised of at least one Board member from each region (Central, Eastern, Western and Southern) and chaired by a member in good standing who will be appointed annually by the Board from within the ranks of the Board or General Membership. The Committee is responsible for organizing and implementing efforts for member recruitment and retention. The President and Executive Director serve as ex-officio members.

THE POLICY COMMITTEE

The Policy Committee will be comprised of members volunteering to serve and will be chaired by a member in good standing who will be appointed annually by the Board from within the ranks of the Board or General Membership. The Committee is responsible for organizing and implementing efforts for policy development and advocacy. The President and Executive Director serve as ex-officio members.

DUTIES OF MFA STAFF

The MFA Executive Committee may hire staff as funds in the budget permit and the staff shall have such duties as may be assigned by the Executive Committee and described in written job descriptions. The Executive Director shall be the chief administrative officer of the Association and shall supervise other staff members,

Appendix A

Governance Policies related to IRS Form 990

Adopted by MFA Board of Governors, November 19, 2008.

Revised by MFA Board of Governors, October 1, 2011.

Background:

The Internal Revenue Service has issued a new Form 990 annual tax return/report that must be submitted by most federal income tax exempt Associations, including trade associations, professional societies, cause/social welfare groups, and charitable/ scientific/educational Associations. Instructions for the form have also been issued. The new Form 990 is to be used beginning with the filing for 2008, the one a calendar year Association will file by May 15, 2009 (for non-calendar-year Associations, the new form is to be first used for the tax year that began in 2008).

To a significant extent, the revised Form 990 is IRS's reaction to concerns expressed by key committees in Congress for greater disclosure and improved governance in nonprofit tax-exempt Associations. IRS also asserts its view that appropriate governance enhances compliance with federal income tax exemption requirements.

Among other new features, the form asks in Part VI if the filing Association has adopted a series of five governance policies; the Association must answer "yes" or "no" for each. While a "no" answer does not indicate any violation of law or inconsistency with federal income tax exemption requirements, it could trigger scrutiny by the IRS. To minimize that risk, many Associations using the new form will want to be able to answer "yes" to all five of these governance policy questions.

Each governance policy must be adopted by the end of the year for which the form is being submitted if the Association is to answer "yes" on the Form 990. While not specified by the IRS, it would be typical for such policies to be adopted by the Association's principal governing body such as its Board of Governors.

Policy Areas Covered in Form 990:

- Conflict of Interest Policy
- Whistleblower Policy
- Document Retention and Destruction Policy
- Policy on the Process for Determining Compensation
- Joint Venture Policy

Conflict of Interest Policy

This Conflict of Interest Policy of Maryland Forests Association

(1) defines conflicts of interest;

(2) identifies classes of individuals within the Association covered by this policy;

(3) facilitates disclosure of information that may help identify conflicts of interest; and

(4) specifies procedures to be followed in managing conflicts of interest.

1. Definition of conflicts of interest. A conflict of interest arises when a person in a position of authority over the Association may benefit financially from a decision he or she could make in that capacity, including indirect benefits such as to family members or businesses with which the person is closely associated. This policy is focused upon material financial interest of, or benefit to, such persons.

2. Individuals covered. Persons covered by this policy are the Association's officers, Governors, chief employed executive and, if present, chief employed finance executive.

3. Facilitation of disclosure. Persons covered by this policy will annually disclose or update to the Chairman of the Board of Governors on a form provided by the Association their interests that could give rise to conflicts of interest, such as a list of family members, substantial business or investment holdings, and other transactions or affiliations with businesses and other Associations or those of family members.

4. Procedures to manage conflicts. For each interest disclosed to the Chairman of the Board of Governors, the Chairman will determine whether to:

(a) take no action;

(b) assure full disclosure to the Board of Governors and other individuals covered by this policy;

(c) ask the person to recuse from participation in related discussions or decisions within the Association; or

(d) ask the person to resign from his or her position in the Association or, if the person refuses to resign, become subject to possible removal in accordance with the Association's removal procedures.

The Association's chief employed executive and chief employed finance executive will monitor proposed or ongoing transactions for conflicts of interest and disclose them to the Chairman of the Board of Governors in order to deal with potential or actual conflicts, whether discovered before or after the transaction has occurred.

Whistleblower Policy

This Whistleblower Policy of Maryland Forests Association:

(1) encourages staff and volunteers to come forward with credible information on illegal practices or serious violations of adopted policies of the Association;

(2) specifies that the Association will protect the person from retaliation; and

(3) identifies where such information can be reported.

1. Encouragement of reporting. The Association encourages complaints, reports or inquiries about illegal practices or serious violations of the Association's policies, including illegal or improper conduct by the Association itself, by its leadership, or by others on its behalf. Appropriate subjects to raise under this policy would include financial improprieties, accounting or audit matters, ethical violations, or other similar illegal or improper practices or policies. Other subjects on which the Association has existing

complaint mechanisms should be addressed under those mechanisms, such as raising matters of alleged discrimination or harassment via the Association's human resources channels, unless those channels are themselves implicated in the wrongdoing. This policy is not intended to provide a means of appeal from outcomes in those other mechanisms.

2. Protection from retaliation. The Association prohibits retaliation by or on behalf of the Association against staff or volunteers for making good faith complaints, reports or inquiries under this policy or for participating in a review or investigation under this policy. This protection extends to those whose allegations are made in good faith but prove to be mistaken. The Association reserves the right to discipline persons who make bad faith, knowingly false, or vexatious complaints, reports or inquiries or who otherwise abuse this policy.

3. Where to report. Complaints, reports or inquiries may be made under this policy on a confidential or anonymous basis. They should describe in detail the specific facts demonstrating the bases for the complaints, reports or inquiries. They should be directed to the Association's chief employed executive or Chairman of the Board of Governors; if both of those persons are implicated in the complaint, report or inquiry, it should be directed to Association's Secretary / Treasurer. The Association will conduct a prompt, discreet, and objective review or investigation. Staff or volunteers must recognize that the Association may be unable to fully evaluate a vague or general complaint, report or inquiry that is made anonymously.

Document Retention and Destruction Policy

This Document Retention and Destruction Policy of the Maryland Forests Association identifies the record retention responsibilities of staff, volunteers, members of the Board of Governors, and outsiders for maintaining and documenting the storage and destruction of the Association's documents and records.

1. Rules. The Association's staff, volunteers, members of the Board of Governors and outsiders (i.e., independent contractors via agreements with them) are required to honor these rules:

(a) paper or electronic documents indicated under the terms for retention below will be transferred and maintained by the Human Resources, Legal or Administrative staffs/departments or their equivalents;

(b) all other paper documents will be destroyed after three years;

(c) all other electronic documents will be deleted from all individual computers, data bases, networks, and back-up storage after one year; and

(d) no paper or electronic documents will be destroyed or deleted if pertinent to any ongoing or anticipated government investigation or proceeding or private litigation.

2. Terms for retention.

a. Retain permanently:

Governance records – Charter and amendments, Bylaws, other Associational documents, governing board and board committee minutes.

Tax records – Filed state and federal tax returns/reports and supporting records, tax exemption determination letter and related correspondence, files related to tax audits.

Intellectual property records – Copyright and trademark registrations and samples of protected works.

Financial records – Audited financial statements, attorney contingent liability letters.

b. Retain for ten years:

Pension and benefit records -- Pension (ERISA) plan participant/beneficiary records, actuarial reports, related correspondence with government agencies, and supporting records.

Government relations records – State and federal lobbying and political contribution reports and supporting records.

c. Retain for three years:

Employee/employment records – Employee names, addresses, social security numbers, dates of birth, INS Form I-9, resume/application materials, job descriptions, dates of hire and termination/separation, evaluations, compensation information, promotions, transfers, disciplinary matters, time/payroll records, leave/comp time/FMLA, engagement and discharge correspondence, documentation of basis for independent contractor status (retain for all current employees and independent contractors and for three years after departure of each individual).

Lease, insurance, and contract/license records – Software license agreements, vendor, hotel, and service agreements, independent contractor agreements, employment agreements, consultant agreements, and all other agreements (retain during the term of the agreement and for three years after the termination, expiration, non-renewal of each agreement).

d. Retain for one year:

All other electronic records, documents and files – Correspondence files, past budgets, bank statements, publications, employee manuals/policies and procedures, survey information.

3. Exceptions. Exceptions to these rules and terms for retention may be granted only by the Association's chief staff executive or Chairman of the Board.

Policy on the Process for Determining Compensation

This Policy on the Process for Determining Compensation of the Maryland Forests Association applies to the compensation of the following persons employed by the Association:

The process includes all of these elements:

(1) review and approval by the Board of Governors or compensation committee of the Association;

(2) use of data as to comparable compensation; and

(3) contemporaneous documentation and recordkeeping.

1. Review and approval. The compensation of the person is reviewed and approved by the Board of Governors or compensation committee of the Association, provided that persons with conflicts of interest with respect to the compensation arrangement at issue are not involved in this review and approval.
2. Use of data as to comparable compensation. The compensation of the person is reviewed and approved using data as to comparable compensation for similarly qualified persons in functionally comparable positions at similarly situated Associations.
3. Contemporaneous documentation and recordkeeping. There is contemporaneous documentation and recordkeeping with respect to the deliberations and decisions regarding the compensation arrangement.

Chief employed executive – The CEO (i.e., Chief Executive Officer), executive director, or top management official (i.e., a person who has ultimate responsibility for implementing the decisions of the Association’s governing body or for supervising the management, administration, or operations of the Association).

Joint Venture Policy

This Joint Venture Policy of the Maryland Forests Association requires that the Association evaluate its participation in joint venture arrangements under Federal tax law and take steps to safeguard the Association’s exempt status with respect to such arrangements. It applies to any joint ownership or contractual arrangement through which there is an agreement to jointly undertake a specific business enterprise, investment, or exempt-purpose activity as further defined in this policy.

A. Joint ventures or similar arrangements with taxable entities. For purposes of this policy, a joint venture or similar arrangement (or a “venture or arrangement”) means any joint ownership or contractual arrangement through which there is an agreement to jointly undertake a specific business enterprise, investment, or exempt-purpose activity without regard to:

- (1) whether the Association controls the venture or arrangement;
- (2) the legal structure of the venture or arrangement; or
- (3) whether the venture or arrangement is taxed as a partnership or as an association or corporation for federal income tax purposes.

A venture or arrangement is disregarded if it meets both of the following conditions:

- (a) 95% or more of the venture’s or arrangement’s income for its tax year ending within the Association’s tax year is excluded from unrelated business income taxation [including but not limited to:
 - (i) dividends, interest, and annuities;
 - (ii) royalties;
 - (iii) rent from real property and incidental related personal property except to the extent of debt-

financing; and

(iv) gains or losses from the sale of property]; and

(b) the primary purpose of the Association's contribution to, or investment or participation in, the venture or arrangement is the production of income or appreciation of property.

2. Safeguards to ensure exempt status protection. The Association will:

(a) negotiate in its transactions and arrangements with other members of the venture or arrangement such terms and safeguards adequate to ensure that the Association's exempt status is protected; and

(b) take steps to safeguard the Association's exempt status with respect to the venture or arrangement. Some examples of safeguards include:

(i) control over the venture or arrangement sufficient to ensure that it furthers the exempt purpose of the Association;

(ii) requirements that the venture or arrangement gives priority to exempt purposes over maximizing profits for the other participants;

(iii) that the venture or arrangement not engage in activities that would jeopardize the Association's exemption; and

(iv) that all contracts entered into with the Association be on terms that are arm's length or more favorable to the Association.