

Canadian Gelbvieh Association



**Policy Manual
2013**

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RISK MANAGEMENT

The Board of Directors recommends that the Association not subject themselves to financial risk by entering, into speculative positions.

The Association is aware of the potential market risks involved in the purchase and sale of the various commodities with which it deals.

It is the philosophy of this Association that such commodity market risks should be well identified, monitored, and managed within established guidelines.

It is not the intent that this Association assumes risky, speculative positions.

The Board of Directors of Canadian Gelbvieh Association approves that the General Manager, be, and hereby is, authorized to enter into forward contracts with suppliers of this association for the future delivery of product at a fixed price.

It being the intention of this Board that Canadian Gelbvieh Association shall not at any time have outstanding purchase for products with suppliers that exceed the following limits: *

Promotional Materials \$1000.00

Office Supplies \$1000.00

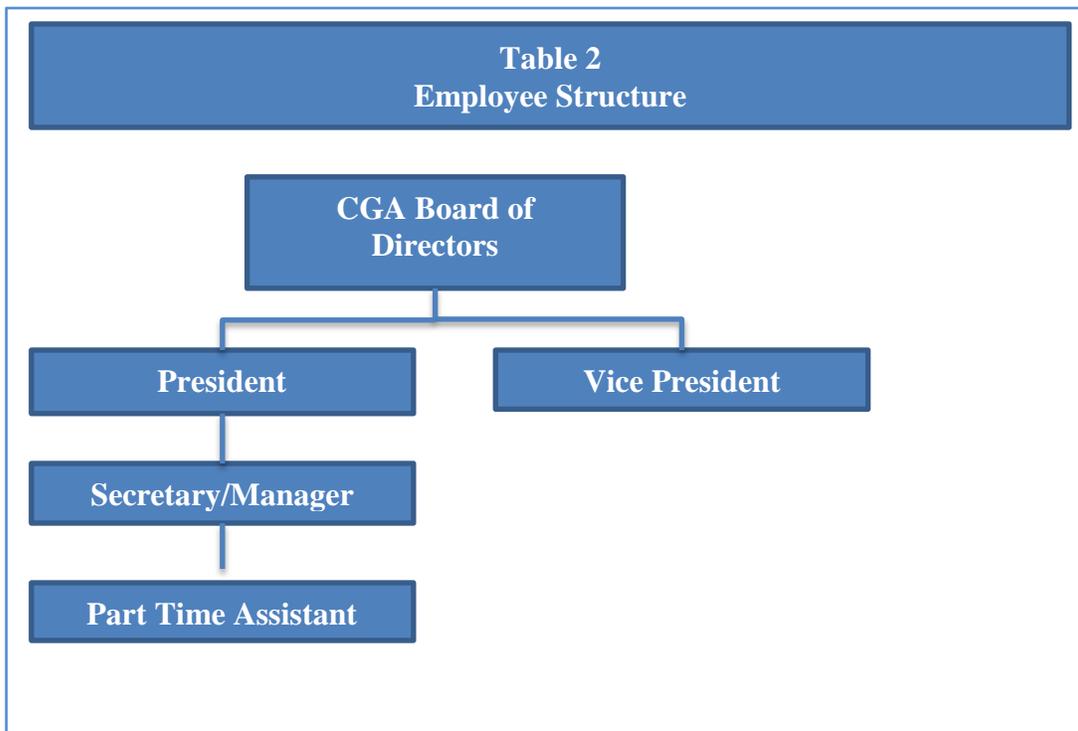
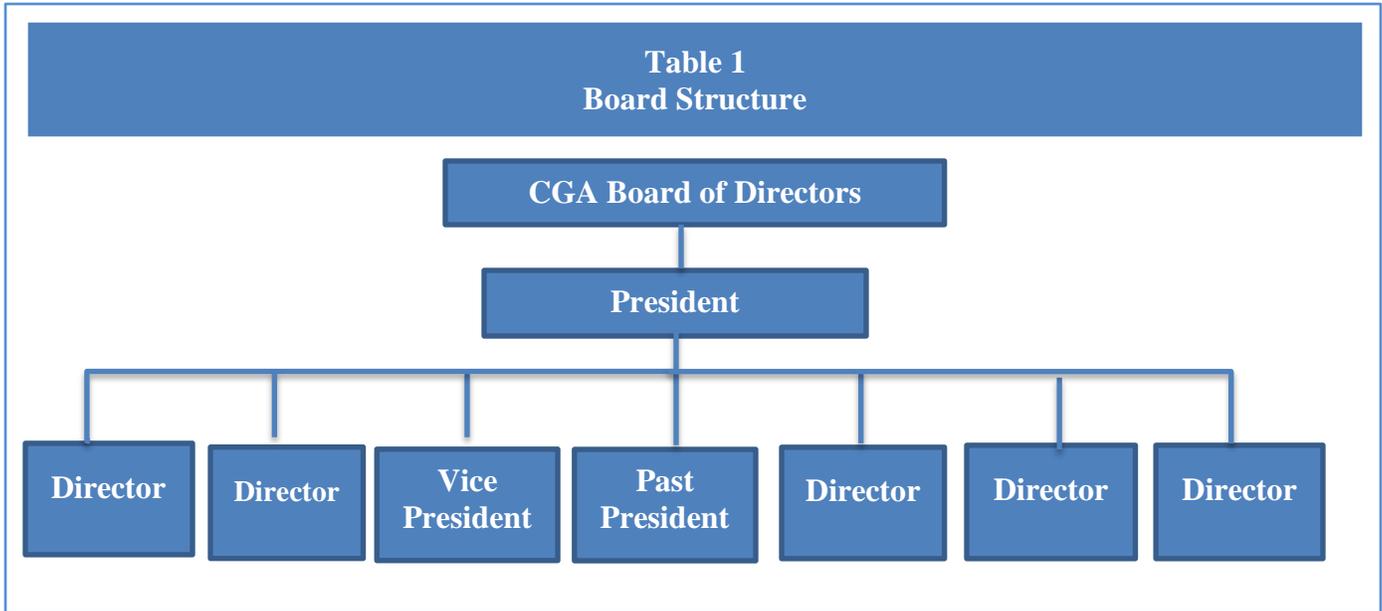
Capital Purchases exceeding \$1000.00

* In situations when management recommends exceeding the above limits prior approval is required by the Board of Directors.

INTERNAL CONTROL GUIDELINES

Organization Chart

Management shall prepare for board review an organization chart, demonstrating that association and management has a formal organization, and that people know what the organization lines are. The chart will define the necessary separation of responsibilities.



Planning

Management, in conjunction with the Board of Directors, shall cause to have prepared a long-range (3 – 5 Years) Strategic Plan outlining the future direction of the Association and the availability of funds to follow that direction.

The Associations three to five year plans need to be updated annually and reported on in conjunction with the Annual Budget.

Budget

Management shall cause to have prepared for board review and approval an annual budget of the operating plan for the coming year.

Such budget, along with the annual goals, shall be prepared and presented to the Board of Directors for final review each year at the first Board meeting following the AGM. Assumptions including capital expenditures, sales/income thoughts, inflation factors etc. need to be reviewed with the Board of Directors in the fall meeting each year prior to finalizing the budget.

Capital Expenditures

Requests for approval of capital projects - both replacement and expansion should be taken to the Board of Directors each year as part of the annual budget. Management will request the Board to confirm approval levels for capital items.

Approval levels for capital expenditures:

- Expenditures over \$1,000 require Board approval. The Executive Committee may give emergency approvals
- All leases: such as computers, office equipment and office buildings need board approval. Renewing of leases also requires Board approval. A review of all leases should occur annually at budget time.
- All capital expenditures are to be reported upon at each board meeting

Approval levels for repair expenditures:

- Any repair over \$1,000 requires Board approval. Emergency approval may be given by Executive Committee and followed by a report to the Board of Directors at their next meeting.

Note: When emergency approval is required for items not included in the original approved budget, all proposed capital expenditures for the period are to be examined to reclassify priority or redefine financing plans. Emergency approval between Board meetings can only be given by the Executive Committee of the Board of Directors and then reported at the next Board meeting for approval.

Equity Policy

To become a member in Canadian Gelbvieh Association the cost is a \$100.00 membership fee paid annually.

Financial Statements

Management shall cause to have prepared in a timely manner for board review, quarterly financial statements, including a report of contingent liabilities. Such statements will compare current balance sheet and operating statement data with budget and last year's data in order to enable the Board to measure the financial progress of the Association.

Statements are to be mailed/communicated to the Board of Directors along with a notice of the quarterly meeting.

Bank Resolutions

Management will not establish bank accounts or borrow money without receiving authority from the Board. (Article 13) The Board will review annually, all bank resolutions which delegate authority to management to sign cheques and to borrow money.

Director Expenses

The directors shall be entitled to be reimbursed for traveling and other expenses properly incurred by them in attending meetings of the board or any committee.

Regular Board meetings will be held quarterly unless additional meetings are deemed necessary by the board.

Travel and hotel expense reimbursement for meetings of the Board of Directors will be at the following rates:

- Automobile Travel \$0.15 per km round trip.
- For directors that must fly to meetings, the CGA will pay airfare to a maximum of \$600.00.
- The CGA will pay food and lodging for required overnight stays.
- Travel expenses will be paid for all regular Board meetings. Travel expenses for Board meetings other than regular will not be paid (1st meeting at AGM).

Other board activities/Committee meetings

Management will track all attendance involving board activities and prior to the issuance of payment will receive confirmation of agreement from each board member. The Office Manager will keep a file for the records of payment.

Director recognition for serving complete term

All directors will be recognized for their dedicated, committed service to the Association.

INCENTIVE USE

In dealing with this Association, all manufacturers and suppliers/distributors will be discouraged from the use of cash incentives and will rather be encouraged to reflect the value of such incentive program in the cost of the product or service being offered. Employee incentives will require approval of the general manager prior to the program being set up.

SECRETARY/MANAGER EMPLOYMENT

The Canadian Gelbvieh Association shall employ its Secretary/Manager through an employment conference of the Canadian Gelbvieh Association Board of Directors.

The Board will make its selection on the basis of competitive interviews.

It shall be the policy of Canadian Gelbvieh Association to employ its manager from candidates that have adequate training, proven performance, experience and such other qualifications as determined by the Board.

AUDIT VERIFICATION AT TIME OF MANAGEMENT CHANGE

When there is to be a change in management in Canadian Gelbvieh Association, a minimum of one Director and an independent auditing firm will be engaged to perform a verification audit as of the effective date of the management changes.

In order to ensure complete understanding and agreement between the Board of Directors of Canadian Gelbvieh Association and staff, an engagement letter will be executed between the Board President and the auditing firm detailing the extent and scope of the audit and the services to be performed.

A board member will be present with change of management.

EMPLOYMENT OF RELATIVES

No person shall be hired as a permanent employee without the consent of the board

The election to the Board of Directors of any person having a close relative on staff shall not prejudice the relative's employment in any way.

CONFLICT OF INTEREST

Preamble

An employee of an organization owes his/her loyalty to the employer. Whenever a personal interest exists which interferes with this loyalty, there is a conflict of interest; these conflicts include a wide variety of acts and circumstances, from bribery, kick-backs, to more subtle situations which may be more theoretical rather than actual conflicts of interest.

These situations include ownership by the employee of stock in any corporation with whom the employer does business or has other financial interests in any competitor, supplier or customer of the employer. Often such interests are held without any intention to act dishonestly or unethically, but it is possible that such interest could conceivably affect the employee's decisions or loyalty to the employer.

To protect not only the Canadian Gelbvieh Association, but also the reputation of its employees, the Board of Directors has adopted the following policy for Canadian Gelbvieh Association employees:

1. All officers, agents and employees should avoid any situation that either does or may involve a conflict between the personal interests of the employee and interests of Canadian Gelbvieh Association. An employee must promote the best interest of Canadian Gelbvieh Association and not their personal interest in all dealings involving Canadian Gelbvieh Association.
2. Without limitation to only the following circumstances, the following are considered interests or activities which might cause conflicts and which should, therefore, be fully reported to the General Manager who in turn will report it to the Board President.
 - a. The ownership by the employee or any member of their immediate family, directly or indirectly, of any significant (>5%) financial interest which does business with or is a competitor of Canadian Gelbvieh Association. This ownership includes stock, partnership interest, or any arrangements whereby the employees shares in the profits or earnings of such outside company, provided, however, that it does not include the ownership of stock in a publicly owned corporation whose stock is listed on any major stock exchanges where the employee's holdings amount to more than 5% of a company's capital stock.
 - b. Giving direction as a manager, consultant or business advisor to any provider of goods and services that has business with or is a competitor of Canadian Gelbvieh Association.
 - c. Acceptance by any employee or any member of their immediate family of gifts of more than token value, excessive entertainment, or other substantial favours from any provider of goods and Services that the Canadian Gelbvieh Association has business with, is seeking to do business with, or is a competitor. This includes the acceptance of loans from any such provider.
 - d. Representing Canadian Gelbvieh Association in any transaction in which the employee or close relative has a personal interest or where it might be construed that the employee is going to make significant personal gain in the transaction. Any question with Canadian Gelbvieh Association by an employee directly or indirectly for the purchase or sale of property, property rights, or other interests.
 - e. Any person dealing in commodities on behalf of Canadian Gelbvieh Association is prohibited from dealing in those same commodities personally. If an employee does enter into an agreement to deliver a commodity to the Association, it must be preapproved by two non-conflicting signing officers.
 - f. Any form of direct involvement by the employee as owner or partnership or lessee in any active farming enterprise where the individual would have responsibility for pricing

of inputs, marketing of products from or selling to that farming enterprise. This would exclude acreage's that are leased by the employee to others, such as small acreage's, hobby farms etc. Eg. Owning and selling of purebred cattle.

It is not the intention of Canadian Gelbvieh Association to interfere with employee's personal lives or activities outside of normal business management requirements. The Canadian Gelbvieh Association, however, feels that an employee should not pursue activities beyond normal business requirements, which interfere with the employee's performance on the job or are in basic conflict with the objectives of The Canadian Gelbvieh Association. This could include outside employment, self-employment or other such activity that might interfere with the employee's performance of regular duties with The Canadian Gelbvieh Association.

It is difficult to define on paper what might be interpreted as "moonlighting" or acceptable supplementary activities. Employees should consult immediately with their supervisor if they if they are faced with a decision in this area.

In the event that an employee is unable to properly perform their duties because of non Canadian Gelbvieh Association employment, the employee would not be eligible for benefits.

CONFIDENTIALITY POLICY

The Canadian Gelbvieh Association provides a broad range of business services on behalf of its members. Because of this, The Canadian Gelbvieh Association generates valuable confidential business and technical information and ideas, including computer software programs, and also receives valuable confidential business and technical information from its members and customers, and others ('Confidential Information'). All employees are responsible for maintaining the confidentiality of this information. To protect this Confidential Information from unauthorized disclosure, each employee is required to sign an Employee Confidentiality and Intellectual Property Agreement.

All employees are required to hold in confidence and, unless authorized, not disclose to third parties (1) any of The Canadian Gelbvieh Association's Confidential Information, including trade secrets or other valuable business or technical information of The Canadian Gelbvieh Association or any other third party, and (2) any Confidential Information, including business or technical information provided to The Canadian Gelbvieh Association in confidence a member, customer, or any other party. All employees are required to return to The Canadian Gelbvieh Association all documents and materials containing Confidential Information upon request or departure from employment with The Canadian Gelbvieh Association.

TRAVEL EXPENSE REPORT

Policy

Employees traveling on authorized Canadian Gelbvieh Association business are reimbursed, on a timely basis, for reasonable expenses incurred in traveling or living away from their normal place of residence. Travel expenses incurred by an employee are not to be billed to the

Canadian Gelbvieh Association rather they shall be submitted for payment through the use of an employee expense report.

Expense Report

Claims for reimbursement for travel and accommodation expense are submitted on an Expense Report and must be approved by the employee's supervisor and the general manager.

All Manager expense accounts (paid or unpaid) are to be brought to the Board of Director's quarterly meetings.

Expense reports must be completed at the end of each calendar month. Once appropriately approved the expense report will be processed by Accounts Payable.

Mileage Records

Operators of Canadian Gelbvieh Association vehicles must record both business and personal mileage on Expense Reports on a monthly basis.

Employees using their own cars for Canadian Gelbvieh Association business must record business mileage on Expense Reports.

Documentation For Expense Claims

Original invoices for each item must be attached to the Expense Report. If such documentation is missing, the authorizing manager will return the expense report to the employee and defer authorization until all items have supporting invoices.

Authorization

Canadian Gelbvieh Association employees traveling outside the trading area for business reasons are required to obtain the approval of the General Manager prior to departure.

The immediate supervisor of the employee must authorize expense reports

The authorizing party is responsible for insuring that:

- Amounts claimed are for bonafide business purposes
- Amounts claimed are reasonable
- Amounts claimed are supported by receipts
- Extensions and additions are completed and correct

Payment of Travel Expenses

Any employee making purchases or incurring expenses related to the operation of a Canadian Gelbvieh Association owned vehicle will be required to use a personal credit card for such purposes with recovery to be by way or an expense report properly approved.

In the case of the Manager, it may be authorized by the Board of Directors or the President.

EMPLOYEE PURCHASES

All employee purchases of products or services offered and provided by The Canadian Gelbvieh Association are to be at published prices.

CONFIDENTIALITY **(Including Directors/Employees)**

Directors in conducting business making decisions may find in some situations a real need to treat the same as confidential. When certain issues require confidentiality it is proper that the directors commit to this. Occasionally, management may request that an issue or situation be conducted in this definition.

ARTICLES & BYLAWS

It is a requirement of each director to know and understand the Articles & Bylaws of its Association. Each year two months prior to the Association Annual Meeting, the Board needs to review and determine if there is a need for any changes. Should a change be deemed necessary, the Board may prepare and recommend the changes to its members at the Annual Meeting for their approval.

The Canadian Junior Gelbvieh Association Articles & Bylaws, should a change be brought forward, must first have the approval of the CGA prior to being presented to the CJGA membership.

BOARD COMMITTEE

Each year following the reorganization meeting of the Board it is necessary to establish Board committees to serve as Executive, Finance, Information, Member Services, Show and Sale, Liaison and others deemed necessary by the Board Executive.

NOMINATING COMMITTEE

In the interest of ensuring that qualified individuals have ample time to consider serving on the Board of Directors a Nomination Committee will be formed.

The Nominating Committee shall be appointed by the Board of Directors at least ninety days before the Annual Meeting. The Nominating Committee shall be chaired by a continuing

Director and shall consist of at least two other active members in good standing of the Association. They shall seek nominees from eligible active members and must obtain consent to stand in writing from each nominee. The Nominating Committee shall at the Annual Meeting nominate candidates for Directors of the Association to be voted on by the general membership, along with such other nominations as may be made from the floor where the nominee is present and consents. (Article 6, paragraph g).

Prior to the Annual Meeting the committee needs to meet and attempt to have two candidates for each Director position that is open. The Chairperson will present the candidates at the Annual Meeting and ask for any other nominations from the floor. Election by written ballot will then be conducted. All names of those nominated will appear on the ballot and the voter/member must vote for the minimum number of director vacancies or as described at the discretion of the scrutineer.

Desired QUALIFICATIONS for Canadian Gelbvieh Association Directors

In addition to all director qualifications set forth in the Articles and Bylaws of Canadian Gelbvieh Association the Association Board of Directors further adopt the following guidelines:

1. Be successful, progressive farmer and have demonstrated sound judgment in the management of his or hers own affairs
2. Be an active patron of the Association, and utilize a significant portion of their requirements from it.
3. Have demonstrated a willingness and capacity to work with others as a team and to support majority decisions.
4. Be willing to attend all necessary meetings and devote the necessary time to thought and study of all-important matters to be considered by the Board.
5. Not be engaged in any activity or business which would be in conflict with the interests of the Association.
6. At all times be in compliance with member Association policies.
7. No employee will be eligible to be a director.

General Considerations

In selecting candidates to fill director vacancies, a balance of individuals who possess abundant energy, innovating ideas, experience and mature judgment should be considered.

ORIENTATION OF NEW DIRECTORS

All new directors will be provided with the most recent issues of the board reports and CGA By-Laws and Policies.

Upon their review new directors are encouraged to forward any questions to the CGA office prior to attending their first board meeting.

All new directors are encouraged to attend an outside Directors Training seminar and to familiarize themselves with Roberts Rules of Parliament.

EMPLOYEE BONDS

It is the policy of Canadian Gelbvieh Association that no one will be held in its employ who cannot qualify under the blanket bond policy.

Should any employee wrongfully divert company money, merchandise, or other property to their own use or account, such employee shall be subjected to immediate suspension pending investigation. A decision on the employee's status will be made following the investigation.

POLICY STATEMENT OF FINANCIAL OBJECTIVES

The principle financial objective of Canadian Gelbvieh Association shall be to build and maintain a capital structure adequate to finance operations and strive toward an equity level that will insure long term viability.

The Canadian Gelbvieh Association will price to members competitively after giving consideration to the services performed. Earnings, over and above those retained through surplus additions for purposes of maintaining reasonable and adequate reserves consistent with Canadian Gelbvieh Association long term general welfare, will be invested in conventional manner under the direction of the Board to achieve the basic premise to which The Canadian Gelbvieh Association system subscribes - that ownership and control of the Association system rests in the hands of the members.

AUDITS / FINANCIAL REVIEWS

For the protection of the members, directors and management, and in the interest of sound business practice, it is policy of The Canadian Gelbvieh Association and The Animal Pedigree Act to have annual audits certified by a public accountant. It is the objective of Canadian Gelbvieh Association to continually strive toward the goal that such audits will result in an unqualified opinion by the auditor.

PERSONNEL

To assure competent management continuity, it is necessary to have effective recruiting, training and management programs. To achieve these ends, it is the policy of The Canadian Gelbvieh Association:

1. To conduct our business at all times in such a manner that we develop a reputation as an equal opportunity employer, thus making it easier to attract qualified applicants with potential for growth.
2. To select employees for promotion based on demonstrated competence and skill in dealing with people, as well as for special technical competence.

3. To develop people wherever possible by aiding in the personal development of each individual through formalized training programs.
4. To provide salaries, benefits and working conditions that motivate the individual toward their maximum capacity and that are competitive with the industry and community in which we operate.
5. To recruit, hire, train and promote persons without regard to race, religion, national origin, ethnic origin, handicap, sex or age.
6. To make employment decisions so as to further the principle of equal employment opportunity.
7. To insure that all promotion decisions are in accordance with the principles of equal employment opportunity.
8. To insure that personnel actions affecting terms and conditions of employment such as transfers, layoffs, return from layoffs, compensation, benefits, company sponsored training, education and tuition assistance are administered without regard to race, religion, national origin, ethnic origin, handicap, sex or age.

INSURANCE

The Canadian Gelbvieh Association will purchase adequate insurance to cover the needs of the business office. A review of insurance coverage will be presented to the Board annually.

SAFETY - HEALTH - QUALITY and ENVIRONMENTAL POLICY

It is the policy of The Canadian Gelbvieh Association to maintain an effective Health & Safety program directed at reducing human suffering, loss of life, and loss of property resulting from accidents. The program needs to meet and comply with the Ministry regulations.

MANAGER EVALUATION

Recognizing its responsibility to shareholders in the area of providing for effective management skills, it is the policy of the Board of Directors of The Canadian Gelbvieh Association to evaluate the effectiveness of the manager in certain key areas of responsibility annually beginning January 2006.

Both the manager and the Board will agree upon criteria for evaluation of the manager. After each evaluation, the Executive Committee of the Board will review its findings with the manager and provide counsel in the areas in which the Board feels such counsel is needed.

BOARD OF DIRECTORS EVALUATION

To assist in the evaluation of the Board's effectiveness relating to a variety of Board functions which must be performed in an acceptable manner if the ultimate success of the Association is to be assured. This evaluation is to be conducted in December each year.

INVESTMENTS

Short-term investments (investments under 270 days) will be in “Chartered/Local” banking institutions and should be limited to \$100,000. Larger short-term deposits should be made in Treasury Bills/GIC’s at the discretion of the Finance Committee.

Short-term investment of the associations’ funds over \$60,000 in the aggregate is subject to Board approval.

NATIONAL SHOW & SALE

CGA National Show Regulations:

1. The Canadian National Gelbvieh Show is a Purebred Show. Therefore, Percentage animals will be allowed to show, but will only compete in Percentage classes. At no time will purebred animals and percentage animals (including Balancers®), be allowed to compete against each other.

CGA National Sale Regulations:

1. All animals entered in the Canadian National Gelbvieh Sale must be parentage verified by DNA Genotyping. This regulation is a proactive approach to breed promotion and to raise the level of breed integrity. The CGA office will work with sales management and provincial associations to enforce this regulation.

To assist sales management, the CGA office will provide at no charge, a computer download of pedigree and EPD information on the registered Gelbvieh animals from which the National Sale Catalogue can be prepared. At the time this list is prepared, the animals are checked for parentage verification, and the appropriate kits are sent out to consignors.

It is recommended that when sales management is selecting animals for the National Sale, that they remind the consignors that the selected animals **MUST BE** parentage verified, and ensure that only animals for which the dams are available for, or already have, DNA genotypes on file are selected. All Gelbvieh sires are required to have a DNA genotype on file before their offspring can be registered.

POLICIES

Each year the Board of Directors needs to review and update the Board Policies.

Canadian Gelbvieh Association

Develop a slogan!

Registered Gelbvieh cattle

(Good chance for a junior competition)



www.gelbvieh.ca

**Canadian Gelbvieh Association
5160 Skyline Way NE.
Calgary, Alberta
T2E 6V1**