How We Can

Change Our World

By Serving on Boards and Committees

The Board Member’s Practical Guide

Produced by
NAMI Texas

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About NAMI Texas

The National Alliance for the Mentally Ill of Texas (NAMI Texas) is a 501(c)(3) organization founded by volunteers in 1984 to address the needs of persons affected by mental illness. NAMI Texas is the largest grassroots mental health advocacy organization in Texas and is seen as a leader in education and advocacy programs throughout the nation. Currently, in a state with over twenty million residents, there are more than 5,000 members belonging to 45 local NAMI Texas affiliates.

NAMI Texas is a unique organization in its grassroots orientation and composition of persons diagnosed with mental illnesses as well as parents, spouses, children, siblings, friends, and professionals. The NAMI Texas mission is to improve the lives of Texans affected by mental illness by providing support, education, and advocacy through a grassroots network. NAMI Texas provides support to help persons with mental illness and their families deal with the challenges, education to facilitate understanding about mental illnesses and the mental health service delivery system, and advocacy so that their voices are heard.

Based on estimates taken from the Surgeon General's Report, about 4.4 million Texans will suffer symptoms of a diagnosable mental disorder each year. Assuming that the person with the disorder has two immediate family members, approximately 13.2 million Texans will be affected by mental disorders. That is over half of all Texans. If you consider co-workers, friends, and others who interact with such individuals on a regular basis, it becomes abundantly clear that nearly every Texan is somehow affected by mental disorders.

NAMI Texas is comprised of people who live with mental illness, and people who are working to make the world a better place for persons with mental illnesses—as well as for their families, friends, employers, and neighbors.

About Sources and Resources for This Guide

We have worked to incorporate good information available in the public domain with appropriate credit to sources. If you believe we have used material belonging to another organization without proper credit or permission, please contact NAMI Texas at (512) 693-2000 so we can make appropriate changes in the future. Any time a project is developed with contributions from many people, it is always possible that a contribution presented as original work is not entirely original. While a project built on the brilliant contributions of talented and experienced individuals will generally produce an outstanding work product, there is no cost-effective manner in which to ensure that all contributions are the original work of each and every contributor.

This manual was initially compiled, organized, and edited by Renée C. Lovelace of the Lovelace Law Firm in Austin, Texas, under contract with NAMI Texas in 2002 and 2003, as part of the Training Effective Board Members Project, with contributions from members of a Project Advisory Committee (PAC) and others.

PAC members for the Training Effective Board Members project were Susan Hoffman, Barry Silverberg, Rep. Bob Glaze, Mary Baldeschwiler, Janet Paleo, Norma Bangs, Lynn Blanco, Anna Gray, and Lillie Gilligan.

NAMI Texas is also grateful for the contributions of many other individuals to this manual. The most significant contributors include the following: Jacqueline Shannon, Eldon Baber, Dianne Bisig, Lisa Tulk, and James R. Jimmerson.
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  Board Resolutions History
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  and Annual Calendar
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  Policies and Procedures Manual
This Guide’s Mission

is to:

Serve as a resource for anyone who is willing to serve on a board, committee, task force, or work group of a nonprofit organization, for-profit corporation, agency, or other organization.

We have endeavored to include the most useful information, all the most useful information, and nothing but the most useful information in this manual.

Whatever your chosen garden, we hope this guide will serve as a spade.
1. Why Me Indeed!

Why should any of us want to devote time and money by serving on boards or committees?

Most of us do so because we want to contribute positively to the world in which we live. We want to improve the world for our own families and for the families of others. And many of us have specific missions.

If we are willing to make the commitment, should organizations want us?

YOU BET! Each of us can ask ourselves, “Which of these do I bring to the table?”

- Life experiences  - Interest  - Trust
- Passion          - Advocacy    - Leadership
- Talent           - Commitment  - Listening Skills
- Community Contacts - Financial Resources - Creativity
- Dedication        - Diversity    - Vision

The differences in the people serving on boards and committees are critical to having an effective team. Each person brings his or her own passions and interests, abilities, strengths and weaknesses, talents, and resources. With the differences in these areas comes a diversity that strengthens the group. With each person’s strengths, another person’s weaker areas are less important. With each person’s contributions, the group’s potential can increase.

The list above is merely a set of general examples. It can be helpful to complete the following sentences:

My life experiences include:

________________________________________________________________________

________________________________________________________________________

I am passionate about:

________________________________________________________________________

________________________________________________________________________
I am talented at:


I have the following community contacts:


I am dedicated to:


My interests are:


I want to advocate for:


I have a commitment to:


My access to financial resources includes:


Page 2
I bring diversity because:


I believe in trust because:


I have leadership skills in:


My listening skills can:


My creativity will:


My vision is:
The resources I can add to the board are:


I can strengthen the board by:


This is a great list to re-visit throughout our board or committee service. We want to (1) live up to what we have said here, (2) remember that there is always room for improvement, (3) remain focused on our positive qualities as they can assist in the mission, and (4) encourage the positive qualities of our fellow group members.

Besides personal qualities, the most important element we bring to the table as a member of the board or committee is the source of our dedication; i.e., why we are contributing our time in the first place. Serving on an organization board can feel like a thankless job, but we have made a commitment to forego other things to do it. The reasons may be intensely personal, or may be as basic as simply wanting to do something good for the community.

So we complete this sentence:

I am here because


Congratulations! Each of us has just identified our key purpose in serving on a particular board or committee. We have just figured out the single most important component that we bring to the group. We have just identified the reason for the commitment we are making and the source of our dedication. This should be our focus throughout our board membership.

Serving on a board is not simply about serving the organization and the community. There is always an underlying reason why each of us chooses to serve and what we hope to get out of it. For each of us, the key reason why we are serving can continue to motivate us throughout our board or committee service. And this reason can motivate other contributors as well!
Dedication to a mission is, after all, the most valuable asset each of us brings to an organization’s board or committees.

When each of us decides that we want to serve on a board or committee, there is one more factor to consider:

* Some boards are far better than others *

While some organizations are changing the world, others are stuck in repetitive and unproductive disorganization.

Many organizations appear very busy, but when you look closely, there seems to be no significant work product resulting from all the effort and activity.

We owe it to ourselves and to our communities not to waste our time or resources. We can look at how information is organized for meetings and how board members are treated. Does committee work get used or shelved? Do the contributions from committees or the full board impact policy for the organization, or does staff alter the board’s mandates? Is the board comprised of knowledgeable and dedicated individuals willing to listen and learn—or not? Are meetings productive or do they feel like a terrible waste of time?

A board or organization may carefully choose me, but I owe it to my community, to my family, and to myself to carefully choose a worthy organization and mission!

**Remember!**

Organizations Choose People,
But People Also Choose Organizations!
2. Being a Great Board* Member  
*Board or Committee or Task Force or Work Group

Contents

- Boards vs. Committees vs. Task Forces vs. Work Groups
- Know Your Organization
- The Roles in a Board—Each Board Member Has a Job
- Working as a Team
- It Was the Best of Boards; It Was the Worst of Boards . . .
- So, Once Again, What Makes a Good or Great Board Member?

Boards vs. Committees vs. Task Forces vs. Work Groups

Throughout this guide, references to “boards” will also apply to committees, task forces, and work groups. Each of these groups is comprised of individuals working to develop strategies to pursue missions or to propose solutions to problems.

Know Your Organization

Serving on a board can be one of a person’s most rewarding or excruciating experiences. Key factors that determine whether or not one has found a compatible board for them will include the following:

- Other board members
- The board chair
- Financial health, productivity, and program status of the organization

It is critical to know your organization well. Is it large or small? Who are the constituents? Who has voting power? Good board members will do at least the following:

- Understand the responsibilities of the board
- Understand the “roles” involved in a board
- Work to bring the board together as an effective team
- Understand his or her time commitments
- Do the work that he or she has promised to do
The Roles in a Board—Each Board Member Has a Job

A board meeting is like a dramatic production in at least one respect: there are roles for each person to play in order for the production to succeed. In a board meeting, everyone may want to lead and be in charge, but real leadership involves contributing to the group in such a manner as to make the group more effective.

Leadership is NOT speaking the loudest, dominating discussions, setting our own agendas, or working to coerce everyone else into agreeing with our ideas.

In each group, there is a set of players required in order to achieve the optimal results from the group. Adapted from leadership tools used by the Girl Scouts of the U.S.A., the following list describes different roles in a group. Each group needs:

- **A Delegator** who helps members use their talents and interests, who may say, “You are good at this! How about being on the ___ committee?”

- **A Facilitator** who helps the group set goals, make decisions, choose direction, and evaluate progress. This person may say, “Let’s hear from each member,” and “How do you think we should approach this as a group?”

- **A Manager** who helps coordinate parts of a project, such as by reminding others of resources. A manager may say “the leadership manual prepared by the education committee last year will be a good tool for the board training.”

- **A Clarifier** who listens, summarizes, and helps others clearly understand issues. Possible comment: “I hear you saying ______. Is this right?”

- **A Problem Solver** who suggests solutions and ways to get things done. “Why don’t we do it this way. . . . ?

- **A Mediator** who helps resolve differences, disagreements and conflicts. This person may say, “We agreed to follow the established roles of…” and “How can we make this work?”

- **A Timekeeper** who helps monitor the group’s progress, ensuring that the board continues moving forward, and keeps the group on track. Possible comment: “We need to move on to the next agenda item.”

- **A Nurturer** who supports and encourages each board member as well as the board as a whole. He lets people know how he feels saying, “You have such great ideas!” and “Let’s keep working on it—I know we can do it.”

- **A Coach** who helps others develop leadership skills. Possible comment: “Will you open the discussion?” or “Here’s an idea that worked for me.”
• A Networker who connects people with one another and people with ideas to keep the project moving forward. "Why don’t we call the head of ________, she is a great resource for ________.”

• A Dreamer who visualizes directions and possibilities. This person may say, "I read a great article—I wonder if we could do something like that."

• An Initiator who gets things moving. "Great! This is a good opportunity for us to start _______!"

Which role shall I take TODAY?

The best board member is one who sees which role needs to be filled at a certain time and steps up to play the part.

Working as a Team

Perhaps the most important activity in which we as board members engage is effective leadership. But effective leadership often requires a paradigm shift. Leadership is not about scaring people so they will do what we want. Rather, true leadership focuses on:

- Training individuals so that they can apply their particular talents and energies toward meeting goals in an effective manner, and

- Respecting the passions and motivations of others in meeting goals, channeling their passions and enthusiasm into productive activities.

Our involvement as members of a team (whether a board, committee, task force, or work group) requires us to follow these principles. Accept that others will differ in their views, their opinions, and their abilities. This is okay. Encourage others to use their unique talents and allow them to exercise their strengths in service to the group and its mission.

None of us should be afraid to confront members who are showing disrespect to the views, abilities, and achievements of other members. We may be more successful, however, when we do it tactfully. We can each promote teamwork positively in the group, while privately addressing any negative concerns or problems in leadership style of other members.

Our goal is to have the board running at maximum efficiency, as a team, in order to serve the organization and the larger community in the best possible manner.
It Was the Best of Boards; It Was the Worst of Boards.

Early on in the development of this manual, members of the NAMI Texas Project Advisory Committee discussed some of the *best* and *worst* boards on which they had served.

The results? People generally liked serving on boards better when the process was well organized; when the group was motivated; when each person was given the chance to speak and to be heard; and when there was trust, passion, and teamwork between all board members. Below is a chart indicating a compilation of comments blended together showing a profile.

<table>
<thead>
<tr>
<th>BEST BOARD MEMBER</th>
<th>WORST BOARD MEMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Listens</td>
<td>Does not participate</td>
</tr>
<tr>
<td>Works diligently</td>
<td>Complains</td>
</tr>
<tr>
<td>Expresses himself or herself clearly and confidently</td>
<td>Does not listen</td>
</tr>
<tr>
<td></td>
<td>Is frequently absent</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>BEST BOARD</th>
<th>WORST BOARD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Includes:</td>
<td>Includes:</td>
</tr>
<tr>
<td>Passion</td>
<td>Lack of organization</td>
</tr>
<tr>
<td>Commitment</td>
<td>Infighting</td>
</tr>
<tr>
<td>Trust</td>
<td>Power struggles</td>
</tr>
<tr>
<td>Time to dream as a team</td>
<td>Undirected discussions</td>
</tr>
<tr>
<td>Equality and mutual self-respect</td>
<td>Dominated by a few</td>
</tr>
<tr>
<td>Self-confidence</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>BEST BOARD CHAIR</th>
<th>WORST BOARD CHAIR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paces</td>
<td>Makes members feel tokenized</td>
</tr>
<tr>
<td>Has an agenda and follows it</td>
<td>Obviously loves power and control</td>
</tr>
<tr>
<td>Stays on schedule</td>
<td>Disorganized</td>
</tr>
<tr>
<td>Listens</td>
<td>Ignorant about important issues, knows it, and does not care</td>
</tr>
<tr>
<td>Demonstrates effective leadership ability</td>
<td></td>
</tr>
<tr>
<td>Serves as a mentor and coach</td>
<td></td>
</tr>
</tbody>
</table>

As board members, our charge should be clear:

*Fit the description of the **BEST BOARD MEMBER**, and work to guide the board in the direction of the **BEST BOARD**.*
So, Once Again, What Makes a Good Board Member?

A good board member is not necessarily the one who comes up with all the ideas, or brings in the most money during a fundraising push. The best board member may be the person encouraging others to speak up and have their ideas heard, or the one who listens to everyone else and prevents arguments when there are differences of opinion.

A great board member is one who:

- is willing to take direction
- keeps an open mind
- works in the best interests of the organization and its members

The best board member may be the one who makes serving on a board, and sacrificing precious free time in the process, a worthwhile experience for others. The best board members are the ones who help to create the best boards.
3. Mission Control: From Passion to a Product

Contents

- Focus on the Mission
- Major Obstacles to Mission Control
- Strategies for Successful Board Influence On the Mission

Focus On the Mission

It is up to the board to formulate or further the organization’s mission. Each member needs to understand how the organization works and make sure they know the answers to the following questions:

- **What Is the Organization’s Purpose?**
  Isolate the organization’s primary mission. Clearly identify the processes used by the organization to pursue its mission.

- **What Does the Organization Produce?**
  Identify the products or services provided by the organization. Do you know exactly how the organization produces such products or provides such services? What role does the board play in developing or reviewing the products or services?

- **What Is the Money Path?**
  From what sources does the organization obtain funding? How much from each source? Obtain a basic understanding, as soon as possible, of how the total organization budget is spent both by category (rent, salaries, products, etc.) and by program. Understand the special accounting procedures required to track grant funding and expenditures.

The board exists to protect the organization, keep the organization on track in pursuit of the mission, and to ensure that resources (time and money) are spent effectively in the pursuit of the mission. The board protects existing programs and considers changes to the resource allocations.
Major Obstacles to Mission Control

Serious obstacles to efficiently promoting the organization’s mission can include:

♦ **Board members and special issues**—

  - *Individual agendas*—members of the board who are working to promote an interest they have which is shared neither by the board nor by the organization.

  - *Those who talk but do not listen*—because communication is not just speaking, it is also (mostly) listening.

  - *Those who do not listen, but proceed to vote*—ignorance can be a greater liability to a organization’s board than lack of involvement.

  - *Those with intense but un-tempered passion for the mission, who will not acknowledge reality*—such as these facts: Resources have limits, the organization’s production of goods or services must be prioritized, and limited resources must be prudently and sometimes painfully allocated.

♦ **Conflicting personalities between**

  - board members
  - board members and the Executive Director
  - the Executive Director and staff

♦ **Poor agendas** *(See page 29)*

♦ **The ineffective board chair** *(See page 33)*

♦ **No staff buy-in**

♦ **Lack of mission control**—

  - The board chair loses track of what the board is doing, whether policing the organization or contributing to policies and objectives.

  - The board does not fully debate or analyze decisions.

  - The mission is too big, too unrealistic, too undefined, or not broken into incremental and achievable steps.

  - The mission is, realistically, unachievable.
Strategies for Successful Board Influence on the Mission

In seeking to fulfill its duties, while monitoring legalities and specific management issues, the board must continually focus carefully on the organization’s missions by:

(1) **Identifying Products and Services of the Organization.**

- Identify products and services of the organization and consider how the organization’s policy affects those products and services.

- How are members of the community being served by the organization’s products and services, and how could the membership be better served?

(2) **Identifying How the Organization Offers or Influences Products and Services.**

- To influence the organization’s products and services, board members must usually first influence their co-board members.

- Through the procedural system adopted by the bylaws (such as Robert’s Rules of Order, see page 21), the board will develop and shape policy that will influence the organization’s products and services.

(3) **Identifying (and Shelving) Outside-of-Influence Items.**

- There are staggering problems in our world. No single organization can tackle all or even many of the problems.

- In order to be effective, the myriad problems that are outside the organization’s scope of effective influence must to a great extent be kept outside the board meetings. To accomplish this, when new information or products are presented to the board, ask these questions first:

  - Is this an issue that falls squarely within the organization’s mission?

  - Is this an issue that this board or this organization can truly address, rather than just discuss?

  - What resources will be used to address the issue, and what current programs will be deferred or displaced in order to address the issue?

Good boards must be vigilant and relentless in putting issues outside the board’s scope on the shelf for reflection versus action. In the crush of constant work and limited time, it is very difficult to keep focused on the end game, but it is critical to do so.
4. Board of Directors Defined

Contents

- The Board Paradox
- What Is a Board of Directors?
- Relationship to the Organization
- Relationship to Each Other
- Finding the Right Mix for Board Members
- The Pay-Off for Working Together
- The Board’s Relationship to the Community
- The Board Member’s Connection to Changing Part of the World
- The Board Member Code of Ethics

The Board Paradox

The board is a member of the organization team, locking arms and providing support for the organization as it tries to succeed in today’s demanding world.

BUT, at the same time, the board must stand outside the organization to hold it accountable to the public/member interests.

*Richard T. Ingram, in a booklet published by the National Center for Nonprofit boards.*

What Is a Board of Directors?

A board of directors is a group of people who may either be appointed or elected and who, together, provide guidance and oversight to an entity such as a corporation or a larger group.

While each board member will have his or her own personality, ideas, biases, passions, and experiences, the board is collective in its nature, working together to direct and advise an organization or agency. A board’s general functions include:

- Hiring and firing the Executive Director,
- Adopting and directing policies,
- Making decisions about the manner in which the organization operates,
• Monitoring the organization’s performance, and
• Promoting the stated purposes, goals, and objectives of the organization.

An individual board member has no control over the work of the organization except when the board is in session or when performing tasks directed by the board.

Relationship to the Organization

The board’s relationship to the organization is one of both control and assistance. The board may be consistently active or may meet briefly and infrequently, but the board is always responsible for making policies and ensuring that the organization carries out its agreed-upon policies.

Board Members’ Relationships to Each Other

Individual board members must accept the obligation to work as a group. Decisions are made by at least a majority of the board.

There are times when board members may have serious disagreements over what policies should be implemented, or what would be in the best interests of the organization and the community.

Things can get personal: a member may have a very personal reason for serving on the board, and wanting to help the organization serve the community. Controlled and effective debate is important so that, at the end of the debate or the day, a majority of the board makes decisions, and each member honors the board’s actions.

Finding the Right Mix for Board Members

To be effective in rendering needed services, to be responsive to the community it serves, and to receive support from that community, the board should include a diversity of talent, experience, skills, interests, and socio-economic backgrounds. The board should be composed of individuals who are:

• Vitally interested in the work of the organization, whether because of personal reasons or as interested citizens,
• Adequate in number to carry out its responsibilities in directing the affairs of the organization—the right number of members with terms long enough to ensure continuity of effort,
• Representative all of the areas of concern the organization serves, and
• Fiscally responsible for the organization and accountable to the community.
The Pay-Off for Working Together

The whole board, through its diversity, accomplishes more than a single person could accomplish while working alone. Further, board members together will usually make better decisions, implement better policies, and make a larger positive impact.

Effective boards can indeed succeed in changing the world—one mission at a time.

The Board’s Relationship to the Community

Each member of the board shares the very real obligation of accountability. A board member is legally and fiscally responsible for the conduct of the affairs of the organization. The board is responsible and accountable to the community or members which have a stake in its programs.

The Board Member’s Connection to Changing Part of the World

Serving on a board provides a unique opportunity to serve our larger community. It is a way to take our passions, talents, and abilities and actively put them to work for a cause in which we believe. It is a way to bring out the best in a small group of people who are working to promote the best for a larger group of people—their community. A board is a chance to make a difference, an opportunity to change the world.

The Board Member Code of Ethics

“As a member of the board of directors, I will:

- Represent the interests of all people served by this organization and not favor special interests inside or outside the organization.

- Not use the organization for my own personal financial gain nor for the personal financial gain of my friends, relatives, or supporters.

- Keep confidential information confidential.

- Respect and support decisions of the board.

- Approach all board issues with an open mind, prepared to make the best decisions for everyone involved.
• Do nothing to violate the trust of those who elected or appointed me to the board, or to violate the trust of those we serve.

• Focus my efforts on the mission of this organization.

• Never exercise authority as a board member except when acting in a meeting with the board or as I am so directed by the board.

• Consider myself a "trustee" of this organization and do my best to ensure that it is financially secure, growing, and meeting its goals and stated purposes.”

Signed by ____________________________ Date ___________________
5. Boards, Committees, Task Forces, Work Groups

Contents

- What Type of Group?
- What Type of Organization?
- For Example, Here’s a Basic Thumbnail Sketch of a Nonprofit Corporation
- What a Nonprofit Corporation Is Not
- Why Do Nonprofit Corporations Need Boards?

What Type of Group?

Boards, committees, task forces, and work groups share many common characteristics. They are generally formed to develop or pursue strategies, or to develop or pursue solutions to problems. A work group formed by members of a large organization or agency may be more formal and more intense than the board of a small organization.

No matter what the name or the setting, these groups are comprised of individuals working together for a specific purpose. The same rules—such as having an agenda, following Robert’s Rules of Order, and the need to keep a tight focus on the mission—apply to all such groups.

What Type of Organization?

Nonprofit organizations, for-profit organizations, agencies, and other types of entities all need governing boards, committees, task forces, and work groups to contribute to their pursuit of missions.

The type of group and the type of organization may vary, but the general operational rules in this manual are almost equally applicable to each of them.

For Example, Here’s a Basic Thumbnail Sketch of a Nonprofit Corporation

Nonprofit organizations are corporations formed in a specific state under that specific state’s laws. Most, but not all, nonprofit corporations will proceed to obtain a federal tax exemption under Section 501(c)(3) of the Internal Revenue Code, so that the corporation does not pay certain taxes, and so that contributors receive a tax deduction for the funds that they give to the organization.
See the discussion of corporate documents beginning on page 77. See also publications provided by the I.R.S. at <http://www.irs.gov/charities/index.html>.

Nonprofit corporations are required to have a nonprofit purpose by state law. Tax-exempt organizations are required to have charitable purposes.

Nonprofit, tax-exempt, and charitable organizations are similar to for-profit corporations in many ways. The key difference is that for-profit corporations are accountable to their shareholders and investors, and must act in their best interests. Shareholders are the owners of the corporation.

Organizations, meanwhile, are accountable to the State under whose laws it is incorporated, the I.R.S., and the members or community it serves. Some organizations strive to be accountable to all people who would be interested in the work or services of the organization, and society at large. This is a serious degree of accountability.

For legal information on organizations, see the interesting and useful materials provided by the Center for Community-Based and Nonprofit Organizations at Austin Community College (ACC), at <http://www2.austincc.edu/npo/publications.html>.

Two publications on the ACC site that cover legal information are:


- The Nonprofit Legal Toolkit developed by Community Building with Attorney Resources (Texas C-BAR), and

What a Nonprofit Corporation Is Not

Nonprofit Corporations Are Not: Non-Financial.

A nonprofit corporation is a business, much like for-profit corporations. It has assets and liabilities, income and expenses.

Nonprofit Corporations Are Not: Required to Be Unprofitable.

I.R.S. guidelines clearly state that nonprofit corporation profits cannot be distributed to the organization’s members in the way that corporate profits are distributed to shareholders. But organizations should have profits so that the organization has surpluses to even out cash flows, to cover emergencies, and to allow the organization to pay for equipment, research, staff development, building renovations, and other necessary investments. See Section 11, “The Budget,” beginning on page 52.

Nonprofit Corporations Are Not: Required to Offer Services for Free.

Many nonprofits charge fees, such as schools, hospitals, and art organizations.
Nonprofit Corporations Are Not: Prohibited from Lobbying.

While organizations cannot support or oppose candidates, they can support or oppose ballot measures. Nonprofits can also encourage legislators to support or oppose various types of legislation—as long as such lobbying activities are an “insubstantial” part of their activities.

See <http://www.independentsector.org/clpi/index.html>, Charity Lobbying in the Public Interest. For example, organizations can elect to be held to a quantifiable limit of expenditures for lobbying, under Section 501(H) of the Internal Revenue Code. See Being a Player: Lobbying Rules for Nonprofits and Rules of the Game, provided by Alliance for Justice at <http://www.afj.org>.

Organizations that do not receive public (tax exempt) money have fewer limitations than tax-exempt organizations.

Why Do Nonprofit Corporations Need Boards?

First, most corporations are required by law to have boards or a member structure that functions like a board of directors. The board is legally responsible for the actions of the corporation, and it must see that the corporation adheres to the guidelines and purposes articulated by the Bylaws or Articles of Incorporation.

<table>
<thead>
<tr>
<th>Priority of Governance:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Federal statutes and laws such as tax laws in the Internal Revenue Code</td>
</tr>
<tr>
<td>2. State laws and regulations</td>
</tr>
<tr>
<td>3. Articles of incorporation</td>
</tr>
<tr>
<td>4. Bylaws</td>
</tr>
<tr>
<td>5. Resolutions and organization operating procedures</td>
</tr>
</tbody>
</table>

Further, the board is responsible for overall management of the organization, much like the captain of a ship. The board backs its own decisions, and supports the decisions of the Executive Director, but this is not simply a rubber stamp process. The board should closely monitor the Executive Director and the organization, especially when serious concerns arise about management of the organization.

Contents

- Guiding Principles
- Eight Essential Steps of a Motion
- Parliamentary Procedure Review

Guiding Principles

Serving on boards and committees gives us the opportunity to use our personal interests, passions, and beliefs to help guide an organization in its operation.

Among the keys to producing effective work are (1) order, and (2) letting everyone be heard. Using a standard set of rules, such as Robert’s Rules of Order, promotes:

♦ full and fair debate,
♦ an accurate and official vote, and
♦ finality with support for the board’s collective decisions.

The rules do not create obstacles through technicalities. Rather, they are designed to create harmony where the intensity and debate could otherwise result in chaos. Further, the rules ensure that there is full and fair debate and an official vote, thus creating the basis for each board member to be expected to support the decision of the whole board.

Robert’s Rules of Order are very flexible. The board can suspend the rules for brainstorming. If the meeting gets too chaotic, or if a member becomes frustrated, anyone can call for the “orders of the day” and use the rules to bring order back into the meeting.

Every board member should believe that his or her positions have been heard. By giving every member a chance both to speak and to listen, each board should understand why other board members support or oppose resolutions. The guiding principles of Robert’s Rules of Order include:

1. **The Need For Order.** All discussion during meetings should be based on the agenda.

2. **Working By Motion.** Motions control the flow of information. Thus when business is being debated, there must be a motion on the table, i.e., all debate begins with a motion.
(3) **Positions Are Clearly Stated.** Every person who speaks should begin his or her comment with “I support this motion because...” or “I oppose this motion because...” unless the speaker is requesting clarification on the motion or clearly declares his or her intent to provide information only (i.e., not taking a position).

(4) **No One Dominates.** Everyone has the opportunity to talk and to clarify his or her position. No one gets to dominate the discussion. No one gets to argue with another board member. The group can collectively impose time limits. In general, no member is permitted to speak more than two times, both within the time limits established.

(5) **Debate is Full and Fair.** When everyone has had an opportunity to state his or her position and everyone has heard as much as he or she wants to hear, the board should “call the question” and vote.

(6) **Majority Takes the Vote, But the Full Board Honors the Decision.** The majority wins the official vote. Whatever the outcome of the vote, all board members should support the decision of the full board.

Robert’s Rules of Order can keep a board meeting from becoming a circus. Each item to be discussed is on an agenda, prepared in advance. All discussions must begin with a motion, and when an individual enters the discussions, he or she begins by stating his or her position simply. Everyone has the opportunity to express his or her views, and when it is over the board votes, with the majority of the board determining the final decision. These steps, modified slightly, could be more tailored to each board.

**One Example:**

One board used a set of red and green cards during the meetings. Each member placed either a red card or a green card in front of himself or herself during a discussion to show his or her position—without having to state it.

In the case above, members of the board decided it would make discussion more efficient and effective if board members knew, in general, the positions of other board members. It took less time for persons to restate their positions, and individuals knew whether they were in the majority or minority.

No matter what modifications are made, keep the rules consistent. The group must agree to any change in the rules of procedure. The change must be implemented and followed consistently. Frequent changes can lead to the chaos they are meant to prevent. Tailor Robert’s Rules of Order in the little ways that will benefit the board, but once the small changes have been made, **STOP.** Keep the system simple, consistent, and effective.
### Eight Essential Steps of a Motion—*A Script for Action*

<table>
<thead>
<tr>
<th>#</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>A member seeks recognition from the floor—&quot;May I have the floor?&quot;</td>
</tr>
<tr>
<td>2</td>
<td>The chairman recognizes the member—&quot;You may have the floor.&quot;</td>
</tr>
<tr>
<td>3</td>
<td>The member makes a motion—&quot;I move that we consider...&quot;</td>
</tr>
<tr>
<td>4</td>
<td>Another member seconds the motion—&quot;I second the motion that we...&quot;</td>
</tr>
<tr>
<td>5</td>
<td>The chairman states the question— &quot;The question before us is whether we will do _______&quot;</td>
</tr>
<tr>
<td>6</td>
<td>The members debate the question—&quot;I support this motion because...&quot; and &quot;I oppose this motion because...&quot;</td>
</tr>
<tr>
<td>7</td>
<td>The chairman puts the question to a vote—&quot;All those in favor? All opposed?&quot;</td>
</tr>
<tr>
<td>8</td>
<td>The chairman announces the results of the vote— &quot;The motion is passed/rejected by a majority of the members.&quot;</td>
</tr>
</tbody>
</table>

This simple script for motions will keep meetings orderly, and force discussions and decisions to stick to the predetermined agenda. Motions must be made from items on the agenda. Then the only subjects that will be debated and decided upon will be those announced in advance of the meetings.
Parliamentary Procedure Review

Use this as a quick reference when you need to refresh your parliamentary procedures.

<table>
<thead>
<tr>
<th>To do this:</th>
<th>Say this:</th>
<th>Interrupt speaker?</th>
<th>Second required?</th>
<th>Is motion debatable?</th>
<th>Is motion amendable?</th>
<th>What vote is required?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjourn meeting before business is completed</td>
<td>“I move that we adjourn.”</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>Majority</td>
</tr>
<tr>
<td>Recess the meeting</td>
<td>“I move that we recess until...”</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Majority</td>
</tr>
<tr>
<td>Suspend further consideration of a motion</td>
<td>“I move that we table it.”</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Majority</td>
</tr>
<tr>
<td>End debate</td>
<td>“I move the previous question.”</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Two-thirds*</td>
</tr>
<tr>
<td>Study an issue further</td>
<td>“I move we refer this matter to a committee.”</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Majority</td>
</tr>
<tr>
<td>Introduce business – primary motion</td>
<td>“I move that...”</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Majority</td>
</tr>
<tr>
<td>Amend a motion</td>
<td>“I move that this motion be amended by...”</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Majority</td>
</tr>
<tr>
<td>Object to a procedure or a personal affront</td>
<td>“Point of order.”</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No vote, chair decides</td>
</tr>
<tr>
<td>Take up a previously tabled matter</td>
<td>“I move we take from the table...”</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>Majority</td>
</tr>
<tr>
<td>Consider an issue out of its scheduled order</td>
<td>“I move we suspend the rules and consider...”</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>Two-thirds*</td>
</tr>
</tbody>
</table>

* WHILE MOST MOTIONS REQUIRE ONLY A MAJORITY VOTE, A 2/3 VOTE IS REQUIRED FOR THOSE MOTIONS WHERE PEOPLE’S PRIVILEGES ARE GOING TO BE REDUCED.
7. It's What We Say and How We Say It

Contents

- It Takes All Kinds—But Everyone Needs to Speak
- How to Speak So Others Will Listen
- How to Listen When You Want to Speak
- How to Say What You Mean (and how to be understood)

It Takes All Kinds—But Everyone Needs to Speak

Let’s say we have a great board or committee. But there are a few members who do not contribute positively. For example, here are a few member descriptions:

Ken sits quietly in every meeting. He listens and takes notes on what other people are saying, but never raises his own points. In fact, he never makes a comment. Someone asks him why he never says anything and his response is that he really just doesn’t like talking in front of a group.

Betsy always seems to have something to say. She believes passionately in the cause, but often gets off track. The board may be discussing a motion involving a fundraising event, and she will start off saying “I agree with the motion that we should hold the event at the Tower Club...” but by the end of her turn, she will have gone off into a diatribe about how none of the state politicians seem to care about the organization’s cause.

Mike has to have his way. If someone disagrees with him in a meeting, he can become abrasive. In the last meeting, another member expressed an opinion that ran contrary to his, so Mike began telling her how wrong she was. He claimed that she must not know or understand the facts.

A great board chair can usually help each of these types of board members become effective contributors to the group. But it can be challenging. People with really good ideas (like Ken) keep quiet for fear of being berated by the group. People who have real passion and are potentially great assets to the board and its organization (like Betsy) do not keep their focus on the issues at hand which they can actually do something about, and end up draining a board of its energy. Other people, such as those with strong beliefs (like Mike), tend to steamroll other members into agreeing with them, often alienating others on the board.

In almost all these situations, Robert’s Rules of Order may facilitate a more fair and complete exchange of information and opinions.
Communication is essential for a good board, and each board member should be well versed in:

- How to speak and how to be understood
- How to listen and how to understand
- How to express views without oppressing views of other members
- How to say what we mean

Remember that often it is not only what we say but how we say it that makes the difference in how effective we are as board members.

**How to Speak So Others Will Listen**

In many situations, shouting can be the best way to get ignored. People tend to shut down when someone is yelling at them. Shouting generally involves shouting over someone else which means that listeners are torn between two different discussions, and may not be able to hear either of the discussions.

To speak so that others will listen, follow these basic guidelines:

- **No matter how passionately we feel about a topic, remain calm.** Enthusiasm is a good thing, and should be encouraged, but constant frustration, annoyance, and anger will detract from what we are trying to say.

- **Know what we are going to say beforehand, and make sure that it makes sense.** If we are giving a persuasive pitch for our side of the issue, it will be helpful to have our arguments laid out in advance. This will make our arguments sound more reasonable than if we stand up in front of the board going “um, uh, er” and all of those other things people say when they don’t know quite what to say.

- **Be prepared to react quickly in order to seize critical opportunities to make a point.** While generally we want to be prepared to make a point before we have the floor, there are times when it is critical to speak up fast, even when we are unprepared.

- **Make eye contact.** Looking everyone in the eyes when we are speaking has a remarkable way of keeping people listening and tuned in to what we are saying.

- **Moderate tone of voice.** We want to sound knowledgeable but not patronizing, condescending, or arrogant. This comes down to being a respectful speaker, since we want the rest of the board to be respectful listeners.

- **Always encourage questions.** Remember that the only “dumb” questions are the ones that do not get asked. If other members know that they can ask for clarification or can
ask us to explain it more fully, they will pay closer attention when we are talking. They have to listen to know what to ask.

- **Speak confidently.** People will know that we believe what we are saying. They’ll want to listen to find out if they believe it, too.

- **And finally, we all need to be good listeners when other people have the floor.** At the very least, they will later want to show us the same respect. At most, we will earn that respect with what we say.

**How to Listen When We Want to Speak**

**I want to talk!!**

Okay, what about those times when we want to talk but someone else has the floor? There really is no easy way to listen when someone wants to speak—each person must figure out his or her own trick. Here are some possible methods:

1. **Note-taking.** We can jot down what the other person is saying—what ideas he or she is trying to get across—and jot down the ideas that we want to share, provided that they are relevant to the current speaker’s idea.

2. **Focus on eye contact.** Just as the speaker should be trying to maintain eye contact with the group, each of us should focus on eye contact with the speaker. This will help us stay focused on what he or she is saying as well.

3. **Try to come up with a good question.** Even if we do not actually ask it, forcing ourselves to come up with a good question for the speaker—based on what he or she has said—will help us stay on track, listening to him or her rather than trying to speak ourselves or thinking of what we would say.

**How to Say What We Mean (and how to be understood)**

Communication can sometimes get very tangled when people either don’t want to say what they mean, can’t figure out how to say something, or get their ideas embedded in jargon. Here are some tips we can use to help others understand what we are saying.

♦ Say what we mean: Criticism is not evil, provided that it is given in a constructive manner.

♦ If you are critical of a comment or position of another person, consider the positive aspects before describing the negative aspects. Try never to be condescending;
carefully examine the person’s position and point out the positive along with the negative.

♦ Again, say what we mean: do not hesitate to praise, encourage, or congratulate other board members. When we see someone doing a good job, we can let him or her know.

♦ Avoid the scary acronym monster. Consider keeping a chart of frequently used acronyms in the board room during meetings. We will then have people listening to our ideas and understanding what we are saying rather than sitting there wondering "what was RRO again?"

(Meantime, the board may want to tweak Robert’s Rules of Order and include the phrase “Acronym definition please!” as a point of order).

♦ And, finally, observe communication basics. In order to be understood, use simple words, avoid catch phrases, and speak loudly, clearly, and not too fast. If people can follow and hear what we are saying, we are much more likely to get them to understand the points we are trying to make.
The Agenda: Have One. And Follow It!

The most important tool for effective meetings is the agenda. The agenda should be prepared and distributed before the meeting so that all board members will know the topics to be discussed, when topics will be discussed, and the general purpose of the meeting. A good timeline for creating and distributing the agenda is the “Fraction Rule:”

- **Halfway** between the last meeting and the next meeting is the deadline for submissions to the agenda. If members want something discussed in the next meeting, they should have it written up in a form that tells what the issue is, what is involved, and what decisions need to be made in the meeting. The halfway rule prevents last-minute scrambling to make additions to the agenda.

- **Two-thirds** of the way between the last meeting and the next meeting is the deadline for getting the agenda distributed to board members. Whether it is mailed, faxed, emailed, or sent by passenger pigeon, this timeframe should give members an adequate opportunity to familiarize themselves with the issues to be addressed, research options and positions, and determine how they think the issue should be resolved—all before the meeting begins.

Sending members an agenda in advance saves time in decision-making. Each member can prepare comments and supporting materials, and can consider all sides of an issue, before the meeting. The result can be that each member presents a clearer and more concise statement of his or her position on issues. Discussions are likely to be more organized because board members have prepared their opinions and arguments in advance.
A sample board meeting agenda follows. Time estimates can be included if helpful, but are not necessary unless the group has a limited meeting time.

<table>
<thead>
<tr>
<th>Sample Board Meeting Agenda</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. <strong>Call to Order</strong></td>
</tr>
<tr>
<td>Chairman: Call the meeting to order at exactly the time published</td>
</tr>
<tr>
<td>Distribute: Copies of the agenda, minutes, and financial statements</td>
</tr>
<tr>
<td>2. <strong>Roll Call</strong></td>
</tr>
<tr>
<td>Take attendance. Note unexcused absences and late arrivals</td>
</tr>
<tr>
<td>Recognize special guests and visitors</td>
</tr>
<tr>
<td>3. <strong>Minutes</strong></td>
</tr>
<tr>
<td>Approve minutes of last meeting</td>
</tr>
<tr>
<td>4. <strong>Reports</strong></td>
</tr>
<tr>
<td>Financial report</td>
</tr>
<tr>
<td><em>The financial report should NOT include long discussions about where to get money, surplus funds, etc. This should be handled under “New Business.”</em></td>
</tr>
<tr>
<td>Committee reports</td>
</tr>
<tr>
<td>Executive Director’s report</td>
</tr>
<tr>
<td>5. <strong>Unfinished Business</strong></td>
</tr>
<tr>
<td>Consider items previously discussed that have been placed on the agenda for further action</td>
</tr>
<tr>
<td><em>Do not allow this to be a catch-all for any item the board has talked about before.</em></td>
</tr>
<tr>
<td>6. <strong>New Business</strong></td>
</tr>
<tr>
<td>Consider “new business” that has been itemized on the agenda</td>
</tr>
<tr>
<td>Some new business may be tabled or sent to committee</td>
</tr>
<tr>
<td>7. <strong>Announcements</strong></td>
</tr>
<tr>
<td>Make announcements</td>
</tr>
<tr>
<td>Exchange general information</td>
</tr>
<tr>
<td>Note time and date of next meeting</td>
</tr>
<tr>
<td>8. <strong>Adjourn</strong></td>
</tr>
</tbody>
</table>
The Board Packet: Unreadable and Overwhelming?

Before meetings, board members will often get a thick packet of information. There may be newspaper articles, legislation comments, outlines, agency reports, and a variety of other materials. The board member may be left scratching his or her head and asking: “Why is this in the packet?”

Consider requesting or requiring that staff organize materials in a way that is quickly meaningful to board members. Board members will be less likely to defer looking at the packet or to stop their review in the middle.

Consider using a cover sheet for each item included. Colored cover sheets are even better so the chair can say: “If you will take the legislative report—the one with the yellow cover—from the board packet that was sent to you. . . .”

Each cover sheet could be set out in a standard format with the following questions and their respective answers:

<table>
<thead>
<tr>
<th>(1) What Is This?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>(2) Why Is It Important?</td>
</tr>
<tr>
<td>------------------------</td>
</tr>
<tr>
<td>(3) Why Is This Included In the Packet?</td>
</tr>
</tbody>
</table>

Remember: Color-coding these covers will save board members even more time during meetings, and thus can help us make our limited time in the meetings even more effective. Do not accept the excuse that color-coding will take too long for a staff person. Use a copy shop if necessary. The modest investment of staff time is likely to save a great deal of board member time and energy, and board members will then be able to use their limited energy for tasks more important than searching through a large pile of unidentified materials—or waiting while other board members conduct a noisy and lengthy search.
The Four Essential Steps to Getting Work Done In a Meeting

It seems far too simple—a formula for productivity. But here it is: the flow of business is (1) a motion, (2) discussion or debate, (3) the vote, and (4) the duty of the board to honor the board’s decision.

The Simple Meeting Productivity Formula...

*Honor the decision, but it is not carved in stone. You can move for reconsideration later.

Each item discussed in each meeting comes straight from the agenda that was distributed to members before the meeting (and which is also available at the beginning of the meeting for all members who did not bring the copy that he or she received before the meeting).

Business is brought before the group by a motion. If there is a second to the motion, the chair then opens the motion for discussion.

In the discussion, it is critical that each member make his or her position known, understand the position of the other members, and understand why the other members of the board believe as they do. When discussion is closed, after every member has been heard, a vote is taken and a decision is made. The board then implements the decision, and all members honor it.

Soliciting Input

One of the worst discussion scenarios occurs when one person is allowed by the chair of the meeting to dominate the discussion. The advantages of working as a group disappear and
everyone’s time is wasted. In these situations, the board is not working as effectively as it could be.

Each member should feel the obligation to provide his or her input—either in support of a motion or in opposition—but it is our obligation to solicit input from fellow members of the board when it is not forthcoming. As a member of the team, we are entitled to have full participation from our fellow teammates, and input of opinion is the most basic level of participation.

There is a right way and a wrong way to go about soliciting input. The right way is to simply ask, “Sarah, do you support this point?”

Trying to shame the other member into speaking is the wrong approach. “Why don’t you care about this?” is not the question to ask. Be tactful and do not be patronizing, but steadily encourage quiet members to express their views. This will be supportive to members who may simply be shy and hesitant to speak up in a group setting, and it may encourage members who are simply distracted to pay closer attention to the topic that the board is discussing.

**Surviving the IBC (ineffective board chair)**

We all know the type: the person who loves to speak, even though what he or she has to say is not of interest to all the individuals in the group; the person who can be patronizing because, well, he or she is the board chair and you’re not. This person is the one who always minimizes others’ ideas or accomplishments and gets caught up in his or her own power. Or perhaps this is the person who can express nothing but apathy. This person is the one who may be the most disorganized member of the board but would rather proceed in chaos than accept help from another member—or resign.

In other words, this is the **INEFFECTIVE BOARD CHAIR**.

The good news is that in most cases board members can compensate for the IBC. By helping to keep meetings on track, requiring that the group adhere to Robert’s Rules of Order (which we’ll discuss in the next section), and promoting communication and leadership skills in other board members, we can, in large part, combat the IBC.

If the IBC is truly lousy, it might be appropriate to discuss his or her leadership approach with him or her—**outside** of the board meeting and with gentle discretion, of course.

For example, we can offer help to get the IBC organized; talk to the IBC about how one of the other board members always has wonderful ideas and how we believe the chair should hear him or her out more; or even gently suggest that certain behavior (such as blatant disrespect of another member) is out of line.

The key is to state things positively—that another person has good ideas, that we could help, that there are things that can be done. Saying “I don’t like that” will likely not be effective. We will probably have great success when we offer solutions instead of harshly identifying problems.
The bad news is that sometimes the IBC is just hopeless; a dictator, a tyrant, a fiend.

Here, no matter what we try, meetings can remain miserable and unproductive. In that case, it is okay for us to vote with our feet. *We have every right to leave unproductive boards when we believe there are key impediments to productivity that we cannot fix.*

Resigning from a board is an extreme solution, but we can think of it this way:

> "I am giving myself the opportunity to serve somewhere else—where I will be happier, more productive, and more effective."

Leaving makes a strong statement. In some cases, a board member’s departure may help the IBC to straighten up, which will in turn benefit the rest of the board members and the organization.

**Is “Business as Usual” the Right Standard?**

Running productive meetings and successfully furthering missions can be difficult, make no mistake about it. Sometimes the administrative tasks and other agenda items are so plentiful that accomplishing administrative tasks and getting updates is all that gets done.

What happens is that all one’s time is spent on building, refining, and maintaining the Widget-Making Machine and there is no time or money left to make Widgets. It is a constant challenge to cover not only the basic administrative tasks for the organization but also to work diligently to further the missions of the organization.

There are many ways that organizations can lose sight of their missions. It is imperative that the pattern of “routine work + little mission pursuit” not become “business as usual” for the organization. That does not mean that board members should ignore routine matters; quite the contrary.

Systems and routine work—along with personal relationships and interactions—should be handled efficiently in order to leverage, rather than impede, the organization’s pursuit of its purposes and missions.

Check the agenda and meeting minutes. How much time is devoted to maintaining the structure and how much time is devoted to effective pursuit of the missions and purposes?

**Does the Executive Director Consistently Provide Accurate Information?**

Before answering that question, reflect on what is being asked of the Executive Director. The ideal Executive Director does not do too much (displacing the board) or too little. The E.D. does not usurp the authority of the board, but is responsible for all operations and projects of the organization. The E.D. is creative and enhances the organization’s reputation by being a spokesperson who thinks on his or her feet—but speaks for the board. The E.D. may receive
conflicting or conflicted directions from the board, but is still charged with not displacing board directives.

The E.D. may begin to feel like a ping pong ball. Thus the E.D. may begin to guide information that is provided to the board to prevent long debates that the E.D. believes will end in conflict. What then, is the line between guiding information and manipulating information?

What if the E.D. does not walk this fine line in a way that furthers the interests of the organization? Staff feels that they are behind a blockade and that the E.D. impedes their ability to do their jobs. The board may believe that the E.D. is doing an excellent job, because the information they receive is carefully selected.

In fact, there is a risk that the E.D. will present selected information in order to increase the chances of the board reaching a specific conclusion and voting to act in a specific manner. When this happens, the board does indeed become the E.D.’s puppet, effectively rubber-stamping the E.D.’s choices—without knowing it!

In order for the organization to be successful, every key position—board, board chair, Executive Director, and staff—is critical. Every position should be carefully monitored to ensure that accurate information is being distributed both up the chain and down the chain—with no breaks in the chain. This is not always easy to do.

**Ten Quick Ways to Improve Board Meetings**

*From the January 21, 2002 issue of Board Café located at <http://www.boardcafe.org>, by Jan Masaoka, reprinted with permission:*

“When we think about the boards we’re on, we usually think about the board meetings—which say a lot about the importance of having good meetings. Make a New Year’s resolution to implement one of the following ideas each month:

1. Name tags for everyone, every meeting. It’s embarrassing to have seen people at several meetings and wondered what their names are… and later it’s REALLY hard to admit you don’t know their names.

2. Post an acronym chart. Make a poster of frequently used external and internal acronyms (such as CDBG for Community Development Block Grants or DV for domestic violence) and post it on the wall of every meeting. (If you distribute the list on paper it is soon lost.)

4. Make sure that each person says at least one thing at every board meeting. This is the chair’s responsibility, but everyone should help! “Cecilia, you haven’t spoken on this issue. What do you think about it?” “Matt, at the last meeting you made a good point about finances. Are there financial issues here that we aren’t thinking about?”

5. No one-way communication from staff. If you have a regular Executive Director’s Report on the agenda, or if a staff program director is giving you a briefing, be sure that such presentations need a response from the board. If not, put them in writing in the board packet and just ask if there are any questions.

6. Don’t include committee reports on the agenda just to make the committees feel worthwhile. If a committee has done work but doesn’t need it discussed, put the committee report in the board packet. (In the meeting be sure to recognize the committee’s good work and refer people to the written report.) Only include committee reports on the agenda in the context of the main discussion. For example, if there is a discussion planned on attracting and retaining staff, reports from the Finance Committee and the Personnel Committee may be appropriate.

7. Note to the board president and the Executive Director: what are the two most important matters facing the organization–economic downturn, changes in government funding, decreased preschool enrollment due to higher unemployment, a competitor organization, demographic changes in the county? Is one of these matters on every board agenda?

8. Encourage “dumb” questions, respectful dissent, and authentic disagreements. Find a chance to be encouraging, at every meeting: “Sylvia, I’m glad you asked that ‘dumb’ question. I didn’t know the answer either.” “Duane, I appreciate the fact that you disagreed with me in that last discussion. Even though you didn’t convince me, your comment helped make the discussion much more valuable.”

9. Make sure the room is comfortable! Not too hot or cold or crowded. Offer beverages and something light to eat such as cookies or fruit.

10. Adjourn on time, or agree to stay later. Twenty minutes before the scheduled end of the meeting, the chair should ask whether the group wants to stay later: “If we continue this very interesting discussion, we will have to stay fifteen extra minutes to hear the recommendation on the Executive Director’s salary. Can everyone stay that long, or should we end this discussion and move to that one immediately?”

BONUS: Once every year or two, survey the board about meetings. Pass out a questionnaire for anonymous return to the board vice president or secretary, asking, “What do you like best about board meetings? Least?” “Are you satisfied with the items that are usually on the agenda?” “How could the board president do more to encourage discussion at the meetings?” “Is the location or time of day difficult for you?”
Lead, Follow, or Just GET OUT OF THE WAY!!

Cheaters may never prosper, but whiners are downright counterproductive.

If we do not like the direction a board is going, we can always put what we think needs to be addressed on the agenda and get the matter before the board. We can join discussions and debates, give our opinions and air our views.

What is rarely successful is whining later about decisions that the board makes when one has not provided input. We want to encourage others to develop and use their skills and talents. We want to know what other people want from us. We have to be PROACTIVE.

If, for one reason or another, we find ourselves in situations where we can not figure out how to be proactive, then it is time to carefully examine why we are on that board or committee.

A major part of being a board member is knowing when to take a stand and lead, when to agree and follow someone who is already making that stand, or when to simply get out of the way because we are not contributing any positive impetus to the group on a specific matter.

It can help to remember why we agreed to serve on the board in the first place, and to consistently to revisit that reason. We should continually re-evaluate the reason, modifying it as our situation changes. If, finally, there is no longer a good reason for us to serve on the board, or there is a reason we feel we cannot continue to positively contribute, then we can leave. This gives our place to someone else—someone who will perhaps make a difference, who can, possibly, change the world from that particular post.

Serving on a board or committee requires a time commitment on the part of the individual members. By running efficient and productive meetings, the members’ time can be used valuably, with little waste. The keys to running a productive meeting are (1) having an agenda, (2) sticking to the agenda, (3) soliciting input from everyone, and then (4) making decisions in an orderly manner.

The Simple Answer May Be: A Parliamentarian

Before taking extreme measures such as leaving a board or criticizing individuals in their roles, consider requesting that the board hire a Parliamentarian to facilitate meetings using Robert’s Rules of Order. Many problems can be fixed – and meetings could quickly become more productive – by having a parliamentarian.
9. Debate!

"Debate," redefined in the language of Robert's Rules of Order, means:

**A controlled exchange of opinions followed by a fair vote.**

Debate may be the most important activity that takes place during board meetings. During debate, the passions, interests, knowledge, experience, beliefs, and persuasions of board members combine to strengthen the board's decision-making process. To actively and effectively add to the board's debate, we need to realize the following:

♦ **To get the most out of the debate, everyone must participate.**

Participation in debate does not necessarily mean that one person must speak or try to dominate the group. Participation means actively listening to what other board members are saying.

♦ **Debate needs to proceed in an orderly fashion in order to be effective.**

The event to be avoided at all costs? A shouting match. Each member should be given their own turn to speak, and, when others are speaking, all members should listen and refrain from interrupting.

When shouting begins, effective work ends.

♦ **Respect and courtesy must be shown for all board members, their ideas, and their opinions.**

Perhaps the fastest way to lose respect for ourselves is to lose respect for other members of the board. We must never lose sight of the fact that we are members of a team. The "Golden Rule" still applies: Do unto others as you would have them do unto you.

♦ **Debate is not bickering.**

Personal comments, attacks, and other irrelevant subjects need to be kept out of the debate. The discussion should focus on the issue at hand, and while personal conflicts may arise in the normal course of the discussion, members must simply get over these conflicts and focus on the task at hand—making a decision.
♦ If things get too intense, the group can take a break so that each member can regroup and debate can resume later.

Intense debate can be very valuable, but at times it can get out of hand. If passions run high, if discussions become disorderly, if the board is getting tired, by all means take a break. Five minutes or 24 hours—whatever you feel that your group needs—take it. Allow board members a chance to calm down and regroup.

What to Do When Part of the Board Wants to End Debate and Move On?

What happens in a situation when some members of the board want to move on and take a vote, but other members do not feel the debate should end? Under the rules of procedure, a two-thirds vote is needed to end the debate and move for a vote.

Ideally, the entire group should be ready to vote before the debate ends, but there may be members who simply will not let the discussion end until the rest of the board members agree with their point of view. In such a situation, the two-thirds majority is all that is needed to end the debate, but be mindful of the feelings of board members who do not want to move on. Simply explain that there are other matters which must be given attention.

In situations where a minority of the members may not want to move on to a vote because they do not feel they know enough about the issue, consider suggesting that the board continue debate. Allow each member enough time to briefly summarize his or her position or concerns, or defer the vote until a later meeting, and move on to other pressing business.

The goal of debate is that each member becomes better informed about all sides of an issue before a vote is taken. Members should become exposed to different viewpoints, and debate should raise considerations that some members may not have realized existed.
10. Who Does What

Contents

- Job Description: The Board Member
- Keys to Being an Effective Board Member
- Job Description: The Board
- Job Description: The Executive Director
- Job Description: The Executive Committee
- Job Description: The Board Chair
- Job Description: The Nominating Committee
- Grading the Board: Questions to Keep In Focus
- Grading Ourselves as Board Members
- The Obituary of “Someone Else”
- Re-cap: So Who Does What?

Everybody agreed that Somebody should do it.
Anybody could have done it.
But Nobody did it.
— Source Unknown

With the many complexities that come along, a board can lose sight of what it is supposed to be doing. Its members can sometimes lose sight of their roles. Thus one of a board’s responsibilities is to assess how it is doing and grade its own effectiveness.

Job Description: The Board Member

1. **Operations.**

As a member of the board: Each board member assumes responsibilities for the organization, for staffing of the position of Executive Director, for oversight of the Executive Director, and sometimes for staffing and/or oversight of other key staff or contract services.

Individually: The board member must refrain from becoming involved in staff conflicts.

2. **Policies.**

As a member of the board: Each board member works to develop and adopt policies to provide the best framework for the organization.
Individually: The board member supports the board’s decisions.

3. Financial and Budgets.

As a member of the board: Each board member assumes responsibilities for developing the financial resources and budget policies of the organization.

Individually: Board members must—

(a) avoid actions that might lead to or be perceived as a potential conflict of interest,
(b) disclose any possible conflicts to the board in a timely fashion,
(c) avoid becoming inappropriately involved with the organization’s staff or volunteers,
(d) read and be willing to ask questions in order to understand the organization’s financial statements and otherwise to help the board fulfill its fiduciary responsibilities,
(e) know the financial position and budgets well enough to assess the impact of board decisions on the financial condition of the organization,
(f) support or promote the organization’s funding efforts in line with one’s abilities, and make financial contributions if and when personal resources allow (with the board being careful not to draw distinctions between those who can and those who cannot afford contributions),
(g) assist the Resource Development Committee and staff by implementing fundraising strategies, when appropriate, through personal influence.


As a member of the board: Board members develop a strategic long-range plan.

Individually: Board members—

(a) actively promote the purposes, goals, policies, and programs of the organization,
(b) know the mission, purposes, goals, policies, programs, services, strengths, and needs of the organization,
(c) support all the decisions of the board,
(d) identify potential leadership and make suggestions to the Nominating Committee for board members and officers,
(e) serve in leadership positions or undertake special assignments when asked,
(f) prepare for, attend, and participate actively in board and committee meetings, including appropriate organization activities,
(g) read material in board mailings prior to attending meetings, and
(h) maintain confidentiality of the board’s executive sessions.

5. Evaluation.

As a member of the board: Each board member will evaluate the organization in light of the missions, goals, and programs of the organization.
6. **Knowledge.**

**Individually:** Each board member should know the answers to the following:

(a) When was this organization founded? By whom? Why?
(b) What are the funding sources? Federal? State? Local? Private?
(c) Is this organization a national and/or state organization? How many similar programs are in the state? In the country?
(d) How many programs/services are provided by this organization?
(e) Who does this organization serve?
(f) How many people are employed by this organization?
(g) What are the goals and long range plans of this organization?
(h) How do I interact with the staff and people we serve?
(i) How do we get the volunteers?
(j) What are the special terms or acronyms for the market?

**Keys to Being an Effective Board Member**

In addition to the job description above, an effective board member will be able to:

(1) Identify the **purpose** of the organization,

(2) Identify the **history** behind the organization’s formation,

(3) Identify the **actions** needed to accomplish the organization’s purpose,

(4) Identify and understand the **interests** of other board or committee members,

(5) Recognize the **perspectives** of other board or committee members,

(6) Respect the **passions** and **priorities** of each individual that arise out of his or her circumstances and experiences,

(7) Clearly **communicate** willingness to provide accommodations to other board or committee members, and

(8) Determine the **boundaries** between chair and group members, Executive Director and staff, board members and Executive Director, board members and staff, and board members and the organization’s office and its resources.

See page 49 for Grading Ourselves as Board Members and page 62 for a Board Member Exam.
Job Description: The Board

The following activities are among those on the board’s job description.

1. **Determining the organization’s mission and purpose.**
   - Determine, review, and refine the organization’s mission statement and major goals

2. **Selecting the Executive Director.**
   - Supporting the Executive Director
   - Evaluating his or her performance
   - Dismissing the Executive Director, if necessary

3. **Making sure that the organization plans effectively.**
   - Planning, review, assessment and evaluation

4. **Protecting the organization’s resources.**
   - Make sure that the organization has adequate resources
   - Allocate resources effectively
   - Make and approve budgets and plans consistent with the organization’s strategic plan
   - Make certain that the financial resources are managed effectively
   - Make certain that the organization’s human resources are managed effectively

5. **Determining and monitoring the organization’s programs and services.**
   - Make sure certain that all operate within the roles and boundaries agreed to by the board and the staff

6. **Protecting the organization’s community reputation.**
   - Work to enhance the organization’s reputation
   - Manage or coordinate the interface between the organization and the community at large
   - Understand the board’s legal responsibilities and be alert to the legal implications of board actions
   - Serve as a court of appeals for local organization programs and staff

7. **Assessing the board’s own performance.**
   - Evaluate the composition and performance of the board
   - Assess the strengths and weaknesses of the current board (individuals and board as a whole)
Job Description: The Executive Director

1. **Operate and manage the organization.**
   - The Executive Director serves as the primary manager for the entire organization

2. **Understand and follow legal hierarchy; i.e.,**
   - (1) Federal law
   - (2) State Law
   - (3) Articles of Incorporation
   - (4) Bylaws
   - (5) Resolution and Operational Guidelines

3. **Develop and Review the Policy and Procedures Manual.**
   - Prepare It, Update It, Work with It, and Live by It
   - The manual establishes the framework for program operations

   Information should include such items as:
   - Mission Statement
   - Goals of the Organization and Its Program
   - Bylaws
   - Board of Director Lists
   - Job Descriptions for Board Members, Staff, and Volunteers
   - Organization Code of Ethics
   - Organization Standards for Local Programs
   - Procedure for Handling Complaints or Grievances

4. **Prepare and plan for effective board meetings.**
   - The Executive Director often controls whether the meetings will be productive or not, based on how information is distributed and how the agenda is structured.

Job Description: The Executive Committee

The executive committee is generally formed of the President, Vice President, Treasurer, and Secretary of the organization, working with the Executive Director. In general, the Executive Committee’s job include the steps below, although all actions come back to the board.

1. Act for the board between meetings.

2. Recommend policy positions to the board.
3. Assume responsibility to see that the goals, objectives, and priorities of the board are carried out.

4. Receive reports and recommendations from committee chairs and review for recommendations to the board.

5. Annually review personnel policies, salaries, and benefit packages for staff.

6. Annually review the Bylaws and make recommendations for changes to the board.

7. Recruit experts and interested people from outside the board to serve on committees.

**Job Description: The Board Chair**

The board chair can enhance or neutralize a great board. The job of the board chair goes far beyond running meetings. Sometimes individuals will take the position of board chair when they do not have adequate time or knowledge to do it right. That is unfortunate.

What is required of the board chair who seeks to “do it right?” A great deal! An effective board chair is critical to having an effective board.

An effective board chair will:

- Set the agenda
- Start on time
- Run effective meetings
- Provide board members with useful information, clearly described as to purpose
- Appoint board members to committees
- Ensure that committee work is used effectively by the board
- Perhaps most important of all, the board chair will interpret events that will impact the organization – i.e., the board chair will be proactive, not reactive
- End meetings on time

Further, the board chair will ensure that the Executive Director treats the board members and their time respectfully by organizing the information that goes out to board members. Rather than a thick packet of unlabeled materials, the board chair can often request or require that materials be sent out well-organized and well-labeled. *See page 31.*

Finally, the board chair is the party most important in the quest to maintain order and make certain that everyone is heard. That is because in addition to each board member’s obligations to be a good board member, he or she has the right to expect the following from the rest of the board—and especially from the board chair—
(1) **Prospective board members have the right to:**

- Be fully informed about the mission, vision, responsibilities, time commitments, and other important matters before accepting the position of board member

(2) **New board members have the right to:**

- Receive orientation and ongoing board training as needed to assist in effective board functioning

(3) **ALL board members have the right to:**

- Ask questions and receive assistance in understanding the board’s work

- Be accommodated as individually appropriate, so that they are heard and so that they understand the board’s work

- Receive accurate and timely financial, management, and operational reports

- Expect that necessary planning will occur to assure that their volunteer time will be respected and used well by staff and board

- Work in a dynamic and respectful partnership with active board members, that is, to be part of a team

- Be given assignments and opportunities that are worthwhile and challenging, with freedom to use existing skills or to develop new ones

- Be able to decline an assignment if he or she feels that the match of skills and interests is not appropriate or if they do not currently have the time to do the work

- Experience opportunities for growth in his or her work with the organization

- Be trusted with confidential information that will enable him or her to carry out his or her board responsibilities

- Be given access to the evaluation of the organization’s programs, board effectiveness and performance; that is, to participate in that evaluation process as appropriate

**The board chair can ensure that each board member receives:**

- **Assertiveness training** to ensure everyone knows the *right* way to make themselves and their ideas heard
• **Accommodations** for everyone, to ensure that all members in the decision-making process are equally situated and adequately prepared to *optimally* contribute to the group

• **Time** to help others become aware of issues they may not initially see

• **Financial control** and **accountability** tutoring, for those board members who do not have a financial background

• **Pacing** with other members—maximizing the energy, resources, priorities, and interests that others may have, and directing them toward the board’s specific goals

• A focus on **diversity** and **respect**—the greatest assets of a group are the differing viewpoints and ideas of its members. Without diversity, the board decisions may be inefficient. Without respect, alternate viewpoints may never be heard,

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**Job Description: The Nominating Committee**

The nominating committee has, perhaps, the most important job of all. That job is to recruit and select the best individuals to serve on the board of directors.

First, the nominating committee should follow the bylaws; that means knowing what the bylaws require of committees, officers, and board members. Consider gathering the following information, along with specific information relevant to the organization:

---

**Nominating Committee Interview Form**

Candidate’s Name ___________________________ Date Interviewed ________

♦ Why are you interested in serving on this board?

♦ Have you served on a board or as a volunteer before?

  ♦ If yes, what was most satisfying about that service?
  
  ♦ What would you like to be the same here?
  
  ♦ What would you like to be different?

♦ What do you think are the most important duties of a board member?
How would you carry out those duties?

How would you help this organization make a difference in this community?

What would you most like to see change at this organization?

Grading the Board: Questions to Keep In Focus

1. Are the mission and objectives of the organization clear? Are they being pursued? Are they being met?

2. Are there written policies regarding board member responsibilities and accountability?

3. Are the levels of authority between board and staff and among staff (where appropriate) clear?

4. Does the organization communicate effectively its purpose and methods to the individuals and groups that the organization seeks to influence?

5. Does the board periodically reassess the organization's overall performance and its continued need to exist?

6. Does the board balance its (and perhaps the organization's) entrepreneurial zeal with adequate fiduciary responsibility?

7. Is the management information that is provided to board members timely and useful?

8. Do the organization's financial statements accurately and completely reflect the organization's financial status?

9. Is there a long-term financial plan?

10. Are the budget and actual expenditure procedures appropriate for the financial capacity of the organization to conduct its affairs?
11. Is a budget developed, with management's assistance or leadership, which reconciles realistically the organization's financial resources with its programs?

12. Is there a periodic board review of the key financial control mechanism by the finance or audit committee of the board?

13. Is there an adequate human resources development program for staff?

14. Does the board recruit new members with fresh ideas and perspectives?

15. Does the board understand and approve of the organization's overall organizational structure without becoming enmeshed in individual decisions on staffing or substructure?*

*Who draws the boundaries—and how? Who monitors the boundaries—and how?

Grading Ourselves as Board Members

In order to understand whether each individual is contributing to or detracting from the board’s effectiveness, it is helpful to be ruthless in examining our own contributions. We can use the following form to assess our effectiveness as board members.

Board Member Self-Evaluation Form

My personal goals for this year were:

(a)

(b)

(c)

What steps did I take to accomplish my personal goals?

How did my goals enhance my ability to serve the board or the programs/services that my organization provides?
Using the following scale (1=ineffective performance to 5=effective performance), here is how I rate my performance on these key board responsibilities.

1. I understand my role as a board member. 1 2 3 4 5
2. I commit the time necessary to be an effective board member. 1 2 3 4 5
3. I regularly attend:
   (a) Board meetings 1 2 3 4 5
   (b) Committee meetings 1 2 3 4 5
4. I have recommended new and beneficial ideas to the board. 1 2 3 4 5
5. I actively promote the organization in the community. 1 2 3 4 5
6. I keep informed of relevant issues, such as:
   (a) financial 1 2 3 4 5
   (b) programs/services 1 2 3 4 5
   (c) policies/procedures 1 2 3 4 5
   (d) other ___________ 1 2 3 4 5
7. I adequately prepare for meetings. 1 2 3 4 5
8. I help with fundraising projects that benefit the organization. 1 2 3 4 5
9. I clearly communicate board needs to our Executive Director. 1 2 3 4 5
10. I encourage community leaders to become active in board service. 1 2 3 4 5
11. I avoid conflict with my peers and/or make every attempt to resolve conflicts promptly. 1 2 3 4 5
12. I understand that communication with staff should be channeled through the Executive Director. 1 2 3 4 5
13. I make a personal donation to the organization annually, appropriate to my circumstances. 1 2 3 4 5
The Obituary of “Someone Else”

Our church was saddened to learn this week of the death of one of our most valued members, Someone Else.

Someone's passing creates a vacancy that will be difficult to fill.

Else has been with us for many years and for every one of those years, Someone did far more than a normal person's share of the work.

Whenever there was a job to do, a class to teach, or a meeting to attend, one name was on everyone's list, "Let Someone Else do it."

Whenever leadership was mentioned, this wonderful person was looked to for inspiration as well as results; "Someone Else can work with that group."

It was common knowledge that Someone Else was among the most liberal givers in our church. Whenever there was a financial need, everyone just assumed Someone Else would make up the difference.

Someone Else was a wonderful person; sometimes appearing superhuman. Were the truth known, everybody expected too much of Someone Else. Now Someone Else is gone!

We wonder what we are going to do. Someone Else left a wonderful example to follow, but who is going to follow it? Who is going to do the things Someone Else did?

When you are asked to help this year, remember – we can't depend on Someone Else anymore.

-Author Unknown

Re-Cap: So Who Does What?

In many organizations, tasks are left undone when staff leaves them to the board and the board leaves them to staff. It is critical to know:

- Who has responsibility for each duty, and
- Who confirms that duties are completed.
11. The Budget

Contents

- Bottom Line
- Balance Sheet
- Income Statement
- Statement of Sources and Uses
- Finance Committee
- Fundraising
- Accountability
- Liability

Bottom Line

Financial statements can be overwhelming.

Sometimes, however, the financial statements presented to the board are unnecessarily complex. While a finance committee is often important to the review of the organization’s finances, the full board—and each board member—needs to be able to closely track the following:

1. **The Balance Sheet.** The balance sheet should clearly present the current value of ASSETS, LIABILITIES, and NET ASSETS.

2. **The Income Statement.** Each board member, whether he or she has a degree in mathematics or hates basic math should be able to clearly see: TOTAL INCOME and TOTAL EXPENSES for the time period (monthly, quarterly, annually).

3. **Statement of Sources and Uses.** There are some changes to the balance sheet that do not occur based on the income statement. These would include LOANS, which will increase both ASSETS and LIABILITIES on the balance sheet.

These basics should be clearly apparent to everyone serving on the board, even if the full financial statements require a cover sheet that includes a three-box summary of (1) the balance sheet, (2) income statement, and (3) statement of sources and uses.
Balance Sheet – beginning of the example year

The balance sheet reflects the corporation's assets, and also whether those assets are encumbered by debt (the liabilities side of the balance sheet) or owned by the corporation (the equity side of the balance sheet). Here is a sample at the end of the year in 2001, which is also the beginning of the year 2002, for purposes of our example.

<table>
<thead>
<tr>
<th>ABQ, Inc.</th>
<th>Balance Sheet as of December 31, 2001</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td><strong>Liabilities</strong></td>
</tr>
<tr>
<td>Equipment $30,000</td>
<td>Loans $40,000</td>
</tr>
<tr>
<td>Furniture $30,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total Assets</strong> $60,000</td>
<td><strong>Total Liabilities</strong> $40,000</td>
</tr>
<tr>
<td></td>
<td><strong>Net Assets (Equity)</strong> $20,000</td>
</tr>
<tr>
<td></td>
<td><strong>Total Liabilities + Net Assets</strong> $60,000</td>
</tr>
</tbody>
</table>

Keys to understanding balance sheets are these general factors (with exceptions, of course):

- Total ASSETS are always equal to Total LIABILITIES + NET ASSETS.

- Every ASSET is acquired either by PURCHASE (using DEBT or CASH) or by GIFT.

- NET ASSETS increase when INCOME flows into the balance sheet from the income statement (i.e., if at the end of the year, the organization has $10,000 more in income than in expenses, then that $10,000 is added to CASH or another ASSET (on the left-hand side of the balance sheet) and to NET ASSETS (on the right-hand side).

- The total values at the bottom of the balance sheet increase when NET INCOME from the income statement flows over to the balance sheet.

- The total values at the bottom of the balance sheet increase when CASH PROCEEDS are directed to the balance sheet from the statement of sources and uses (this is where loans are reflected, rather than on the income statement).

- The balance sheet is a SNAPSHOT of the assets, liabilities, and NET ASSETS of an organization at a specific nano-second in time. When a balance sheet is dated 12/31/01, for example, it is a snapshot of the balance sheet at 11:59 p.m. on 12/31/01 (in practice, this will usually be 5:00 p.m. on that same date).
The income statement reflects INCOME and EXPENSES. Here is a sample income statement.

<table>
<thead>
<tr>
<th>Income</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Convention Registrations</td>
<td>$ 35,000</td>
</tr>
<tr>
<td>Training Classes</td>
<td>$ 15,000</td>
</tr>
<tr>
<td>Grant*</td>
<td>$125,000</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td><strong>$ 175,000</strong></td>
</tr>
</tbody>
</table>

*A grant is not income in the normal sense of “making a profit” and most grants require special and detailed accounting steps.

<table>
<thead>
<tr>
<th>Expenses</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff Salaries</td>
<td>$120,000</td>
</tr>
<tr>
<td>Staff Benefits</td>
<td>$ 40,000</td>
</tr>
<tr>
<td>Rent</td>
<td>$ 18,000</td>
</tr>
<tr>
<td>Supplies</td>
<td>$ 5,000</td>
</tr>
<tr>
<td>Equipment Repair</td>
<td>$ 3,000</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>$186,000</strong></td>
</tr>
</tbody>
</table>

**Net Income (Shortfall)**     **($ 11,000)**

Keys to understanding income statements are the following general factors:

- Income = income; i.e., *not* all cash or property that comes into the organization is *income*. Loans and other changes are reflected on the statement of sources and uses, not on the income statement.

- A nonprofit school, for example, may seek to do extensive fundraising, but will likely try to “break-even” on periodic bases; i.e., they will seek to have tuition at least equal overhead and salaries.

- Nonprofit disability organizations rarely have substantial INCOME since most of their funds are grants and donations.
Statement of Sources and Uses (Cash Flow)

Here is a sample statement of sources and uses, showing where the organization obtained resources and how they were spent:

<table>
<thead>
<tr>
<th></th>
<th>ABQ, Inc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statement of Sources and Uses (Cash Flow)</td>
<td>For the Period from January 1, 2002, to December 31, 2002</td>
</tr>
<tr>
<td>Sources of Cash</td>
<td></td>
</tr>
<tr>
<td>Grants or donations</td>
<td>$125,000</td>
</tr>
<tr>
<td>Loans (debt)</td>
<td>$ 17,000</td>
</tr>
<tr>
<td>Earned income for the year</td>
<td>$ 50,000</td>
</tr>
<tr>
<td><strong>Total Sources of Cash</strong></td>
<td><strong>$192,000</strong></td>
</tr>
<tr>
<td>Uses of Cash</td>
<td></td>
</tr>
<tr>
<td>Expenses for the year</td>
<td>$186,000</td>
</tr>
<tr>
<td>Two new computers</td>
<td>$ 6,000</td>
</tr>
<tr>
<td><strong>Total Uses of Cash</strong></td>
<td><strong>$192,000</strong></td>
</tr>
<tr>
<td>Sources less Uses</td>
<td>$ 0.00</td>
</tr>
</tbody>
</table>

Keys to understanding statements of sources and uses (cash flow) are these *general* factors:

- Sources of "cash" other than INCOME and grants (such as the loan, in the example above) are reflected on the statement of sources and uses, rather than on the income statement.

- The loans reflected above, for example, have increased the LIABILITIES (loans) reflected on the balance sheet but also increased the ASSETS (equipment, the purchase of the computers).

- There are many intermediate steps in the accounting process; we are trying to stay very simple in this example. For example, in our hypothetical corporation above, the LIABILITIES have increased by $17,000 (for the loans) while the ASSETS have increased by only $6,000 (for the computers). How can that be?

  - In this case, the total CHANGE to the balance sheet will be $6,000 since the loan will have been used as follows:
$17,000 is added to LIABILITIES and to CASH, i.e. both sides of the balance sheet will increase

$6,000 of the CASH is used to buy the COMPUTERS

$11,000 of the CASH is used to cover EXPENSES since the shortfall between income and expenses was $11,000

The $11,000 of cash used for expenses is removed from ASSETS with a corresponding reduction to NET ASSETS

**Balance Sheet — end of the example year**

<table>
<thead>
<tr>
<th>ABQ, Inc. Balance Sheet as of December 31, 2002</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
</tr>
<tr>
<td>Equipment</td>
</tr>
<tr>
<td>$30,000</td>
</tr>
<tr>
<td>New</td>
</tr>
<tr>
<td>Computers</td>
</tr>
<tr>
<td>$6,000</td>
</tr>
<tr>
<td>Furniture</td>
</tr>
<tr>
<td>$30,000</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
</tr>
<tr>
<td>$66,000</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
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<td></td>
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<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

This is about as simple an example as possible. Without training in accounting, it can be very, VERY difficult to understand financial statements. Organizations may wish to consider offering special training to board members who do not fully understand financial statements, so that they can fulfill their duties to the board in being accountable for the organization’s finances.

**Finance Committee**

Because financial statements can be so complex and difficult for many people to fully understand, it is usually important that larger organizations have a committed finance committee
to review the financial records, analyze program and mission options from a financial standpoint, and to make thorough, clear, and understandable reports to the board. While financially sophisticated board members are excellent finance committee members, board members who are less familiar with financial documentation may serve on the finance committee as well, to ensure that the reports provided to the full board by the finance committee are easy for all board members to understand. Board members cannot possibly do their jobs unless they understand the organization’s financial statements.

The duties of the finance committee can be set forth in the organization’s bylaws or in a policies and procedures guide.

**Fundraising**

Fundraising is almost always critical to the survival of organizations that do not sell goods or services with a profit margin. Fundraising may not often be the most interesting aspect of the mission, but will invariably be central to the mission. In general, few significant programs can be run without money.

Thus while a fundraising committee can provide great assistance to the organization, the organization benefits when almost all board members assist in fundraising efforts.

**Accountability**

The board is accountable to the organization and the community (and to the I.R.S.!!) for appropriate use of financial resources.

**Liability**

The board can be liable for misappropriated funds if board members participate or are negligent in letting fraud, theft, or misuse occur.

“Show Me the Money...”
12. The Board Member’s Tool Kit

Contents

- Taming the Paper Tiger: The Board Member’s Data Collection CD
- Information and Documents Control Docket
- How To’s
- Sample Policies
- Sample Forms
- General Resources for Running Better (More Productive!) Boards
- Specific Resources for Serving on Specific Boards

Taming the Paper Tiger: The Board Member’s Data Collection CD

The best tool for managing the information onslaught is for an organization to provide many of the “paper tools,” such as Articles of Incorporation, Bylaws, resolution records, etc., on a CD.

Everyone has too much paper. People lose paper but they do not lose their computers. Information downloaded into one’s computer tends to remain fully accessible to individuals. Thus information provided to individuals in a format that they can keep on their computers tends to be more accessible to them over time.

In “taming the paper tiger”, when there is so much information and so much of it is important, boards and committees may consider having the right information available when they need it to be a very important goal. It is not unusual for nonprofit organizations to repeatedly adopt the same resolutions since the board members have forgotten what was adopted last year, and have lost track of meeting minutes. By keeping resolutions of board minutes on CD, there may be an increased likelihood that board members will not repeatedly “reinvent the wheel.”

If the Mission is to balance data collection with discussion and action, and if the board or committee is concerned about the Risk of exhausting their energy on collecting, reviewing, and considering so much information that they lose sight of the mission, then consider these Recommended Navigation Tools for the purposes noted below:

- For Training.

A large notebook can work well for organizing the information that is provided during trainings. That way the information is available for reference, later, both in the notebook and on a CD.
• **To Carry to Every Meeting.**

Most board or committee members will find it beneficial to have an Essential References manual for meetings (such as this guide!) close by. That way they can quickly review and access the information needs that recur over and over again.

• **As the Incoming Missiles Defense.**

It is generally helpful to use an accordion folder with manila folders for information from meetings, committees, and projects—sorted by date with an index. The board or committee may decide to request staff to provide meeting materials in manila folders with the meeting date on the index tab, for easy filing. The index to the documents could be clipped on top. It is also helpful to have all papers hole-punched, as well as having different colored cover sheets (see page 31, above).

• **For Information Control.**

If the organization maintains a useable database on a specific computer folder (or website page) and on a CD for rapid access to information and for web site links for the organization and other sites, less time is wasted trying to find that person who carries that specific and needed information around “in his or her head.”

—See example, below—

**Information and Documents Control Docket**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Articles of Incorporation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bylaws</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Past resolutions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board member names and numbers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff directory</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quick Reference Corporate Information Form</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reimbursement forms and other forms</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Etc.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
How much does this cost? NOT MUCH!! Consider a board of 12 members that meets four times a year. We buy an expandable folder for each board member ($20). Folders and labels ($5 and $4). 50 CDs cover all four meetings ($25). CD labels and pouches that stick to paper ($15 + $12). Colored separator paper is another $10. The total for supplies: $91.00.

But what about staff time? Once materials are organized on the computer in directories, which they should be anyway, it takes about one minute each to burn a CD. The total for time: 12 minutes per quarter, less than an hour for the year, to burn the CDs.

Okay, so there are a few more steps that take a little more time. But no matter how you look at it, the staff investment is very small compared to the benefit to the organization. A modest amount of staff time invested by several people will save many board members many hours each year. The paper tiger time saved can be invested more effectively elsewhere.

HOW TO’S

- Making Good Decisions
- Do’s and Don’ts for Effective Board Members
- Board Member Exam: Know Your Organization

Making Good Decisions

The organization’s products (whether goods or services) result from a series of decisions. For each mission or project—i.e., each “product,” determine the decisions that are involved and ask the following questions:

**QUESTIONS FOR MAKING GOOD DECISIONS**

1. How will the decision affect this organization?
2. How does this decision relate to our mission statement?
3. What is the potential for legal problems if I vote “yes”? What if I vote “no”?
4. Does this decision affect:

   (A) The people we serve? How?
   (B) This organization’s employees? How?
   (C) The community? How?
   (D) The board of directors? How?

Is the impact on any of these groups negative? If it is, will the decision benefit significantly more people than it will harm?
5. Have we voted on this matter before?
   If yes, why are we considering it again? How have conditions changed?

6. Do I have all the information I need to make a sound decision?
   What questions should I ask before making this decision?

7. If someone asked me to justify why I made this decision, can I explain my decision?

---

Do’s and Don’ts for Effective Board Members

<table>
<thead>
<tr>
<th>Do this:</th>
<th>Don’t do this:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attend meetings and contribute your knowledge and experience</td>
<td>Take the board position even though you cannot attend meetings nor contribute in any way</td>
</tr>
<tr>
<td>Read the materials that will help you understand the organization</td>
<td>Disregard information that will help you make well-informed choices</td>
</tr>
<tr>
<td>Make a commitment to serve, raise funds, and offer your expertise and time to help this board and organization grow</td>
<td>Make a commitment and not follow through with your promise</td>
</tr>
<tr>
<td>Ask the Executive Director when you have questions or concerns</td>
<td>Ask staff members when you have questions or concerns</td>
</tr>
<tr>
<td>Refer complaints from staff or the public to the Executive Director</td>
<td>Try to handle the complaint or bring it to the board without talking to the Executive Director</td>
</tr>
<tr>
<td>Support the board’s decision, even if you disagree</td>
<td>Bad-mouth the board’s decision to your friends, associates, or the media</td>
</tr>
<tr>
<td>Help the board to establish policies for the organization</td>
<td>Get involved in daily management decisions</td>
</tr>
<tr>
<td>Help establish a long-range plan and vision for the future of the organization</td>
<td>Expect staff to answer to the board</td>
</tr>
</tbody>
</table>
An individual who wants to be a more effective board member will find this exam helpful—before or after accepting the job as board member. It allows a member to determine how much he or she really knows about the organization.

**My Organization Board Exam**

1. My organization’s mission is to:

2. What is my organization’s annual operating budget?

3. My organization was founded in what year:

4. The names of the board officers are:
   
   President:
   Vice-President:
   Treasurer:
   Secretary:
   Past President:

5. The official term of office for a new board member is:
   
   (a) one year
   (b) two years
   (c) three years
   (d) other

6. My organization’s staff reports to whom:
   
   (a) the chairperson of the board
   (b) the personnel committee
   (c) the Executive Director

7. My organization’s business manager embezzles $50,000! The board...
   
   (a) immediately takes over the books
   (b) allows the Executive Director to handle the crisis
   (c) recruits and hires a new business manager

8. When planning next year’s budget, the board finds a revenue shortfall. Board members...
   
   (a) cut several programs/services to balance the budget
   (b) tell the E.D. that he/she is responsible for finding sufficient funds
   (c) work with the E.D. to find new revenue sources
9. Several board members want to evaluate employees. The board...
   (a) interviews some employees to find out if there are any problems
   (b) lists the problems and formally evaluates the entire staff
   (c) recognizes that the E.D. is the proper person to evaluate staff members

10. The E.D. is deluged with managerial problems. Board members...
    (a) meet with the E.D. to see if he or she wants to resign
    (b) give the E.D. 30 days to improve
    (c) check to see that they've given the E.D. long-range goals to achieve that
        enable him/her to know what the board wants done

11. A board member wants to start a new program or service and asks the E.D. to
    implement the idea. The board...
        (a) praises the board member for his/her good ideas
        (b) reminds the board member that changes of this magnitude are decisions
            for the full board, not individual members
        (c) asks the board member to tell the rest of the board about his/her idea

12. The board budgets $20,000 for a new computer system. Two members
    recommend the E.D. buy a specific system without shopping around. The board...
        (a) goes along with the board members, convinced that they know best
        (b) lets the E.D. make the purchasing decision
        (c) asks the board members to negotiate a deal with a local computer retailer
            to save the organization money

13. A staff member tells a board member his/her morale is at an all-time low. The
    board member...
        (a) asks the E.D. to meet with him/her and the employee
        (b) asks the employee to talk to the E.D. about his/her concern
        (c) calls an emergency meeting of the board to discuss this and other
            personnel problems

14. The top three responsibilities of every board are...
    (a) planning, setting policy, monitoring overall operations of the organization
    (b) implementing long-range plans, signing checks, evaluating staff
    (c) attending meetings, networking for personal gain, planning the annual meeting
SAMPLE POLICIES

The policies below are provided for general review and information, and can be used by individual organizations to develop their own policies.

- Board Confidentiality Policy
- Board Attendance Policy
- Complaint Policy

Board Confidentiality Policy

No board member at this organization shall knowingly disclose confidential information gained by reason of information shared at a board meeting. This includes details about:

♦ property
♦ operations
♦ personnel
♦ policies
♦ affairs of the organization
♦ case information

Board members shall not use information to advance any personal interest, financial or otherwise.

The organization shall maintain confidentiality of employee and client records, and no board member shall accept employment or engage in any business or professional activity that might be expected to induce him or her to disclose confidential information acquired by reason of serving this board.

A breach of this policy will be reviewed by the executive committee and may result in board dismissal.

________________________________________  _________________________
Board Member’s Signature                      Date
Board Attendance Policy

A board member’s participation on the board is essential.

That is why you are asked to attend:

♦ All regularly scheduled and special board meetings
♦ Special events of the organization
♦ All regular and special meetings of committees on which you serve
♦ Other meetings and events as deemed appropriate by the chairperson of the board

If you cannot attend a board or committee meeting:

♦ Notify the Executive Director and explain the reason for your absence.
♦ Arrange to meet with the Executive Director at your earliest convenience for a review of the meeting missed.

You may be removed from the board if:

♦ You miss three meetings in a one-year period without contacting the Executive Director prior to the absences. Once this occurs, you can be notified by the Executive Director or board chairperson that you will be removed from the board.
♦ You are unable to attend board meetings or participate on committees.

Attendance will be considered during annual evaluations of board service and when your term comes up for renewal.

I have read, understood and agree to follow this attendance policy.

________________________________________  __________________________
Board Member’s Signature                        Date
Complaint Policy

If you receive a complaint about one of the programs our organization provides, follow these steps:

♦ Report the complaint to the Executive Director.

♦ The Executive Director will refer the complaint in writing to the appropriate department or supervisor.

♦ The department/supervisor will attempt to resolve the problem within seven working days. The supervisor will report the status of the complaint to the Executive Director within that time period.

♦ If the problem has not been resolved within seven working days, the Executive Director will intervene and attempt to solve the problem.

♦ A report will be given to the board member who referred the complaint within two weeks.

♦ The Executive Director at the next board meeting will report any complaints that cannot be resolved for informational purposes.

I have read and understand this policy, and agree to follow it.

________________________________________  _________________
Board Member’s Signature                      Date

SAMPLE FORMS

The forms below are provided for general review and information, and can be used by individual organizations to develop their own forms.

♦ Board Time Commitment Form
♦ Board Member’s Commitment Pledge
♦ Expense Reimbursement Form
♦ Resolutions
♦ Time Tracking for In-Kind Contribution Records
♦ Board Member Service Form
BOARD TIME COMMITMENT FORM

Time commitments of board members:

♦ ______ year(s) (# of years according to Bylaws)

Commitment for the following duties:

♦ Attend all regular board meetings

♦ Serve on one of the following committees:
  
  Finance                      Meets ____ times per year
  Funding development          Meets ____ times per year
  Programs                    Meets ____ times per year
  Public Awareness            Meets ____ times per year

(List other standing committee meetings and # of times they meet per year)

♦ Attend two special events sponsored by this organization each year

♦ Attend two community functions on behalf of this organization (Chamber of Commerce, United Way, etc.)

♦ Attend one regional meeting per year

♦ Attend one board orientation workshop

♦ Attend one board retreat per year

♦ Participate in occasional task groups or special meetings

♦ Attend the volunteer training (sessions to be determined by program)

In addition, all board members must...

♦ Accept this organization's policies and mission
♦ Make a personal financial donation within their means
♦ Assist in solicitations of donations
♦ Promote this organization to the community
♦ Recruit and recommend prospective board members, committee members, and others who will help this organization advance its mission.
BOARD MEMBER’S COMMITMENT PLEDGE

I will exercise the duties and responsibilities of this office with integrity, collegiality, and care.

I pledge to:

1. Establish as a high priority my attendance at all meetings of the board, committees, and task forces on which I serve.

2. Come prepared to discuss the issues and business to be addressed at scheduled meetings, having read the agenda and relevant background material.

3. Work with and respect the opinions of my peers who serve this board, and leave my personal prejudices out of board discussions.

4. Always act for the good of the organization.

5. Represent this organization in a positive and supportive manner at all times and in all places.

6. Observe parliamentary procedures and display courteous conduct in all board, committee, and task force meetings.

7. Refrain from intruding on administrative issues that are the responsibility of management, except to monitor the results and prohibit methods that conflict with board policy.

8. Avoid conflicts of interest between my position as a board member and my personal life. If such a conflict does arise, I will declare that conflict before the board and refrain from voting on matters in which I have a conflict.

9. Support in a positive manner all actions taken by the Board of Directors even when I am in a minority position on such actions.

10. Agree to serve on at least one committee or task force, attend all meetings, and participate in the accomplishment of its objectives. If I chair the board, a committee, or task force I will:

(a) call meetings as necessary until objectives are met
(b) ensure that the agenda and support materials are mailed to all members in advance of the meetings
(c) conduct the meetings in an orderly, fair, open, and efficient manner
(d) make committee progress reports/minutes to the board at its scheduled meetings, using the adopted format

11. Participate in:
   a) the annual strategic planning retreat
   b) board self-evaluation programs
   c) board development workshops, seminars, and other educational events which enhance my skills as a board member
   d) fund raising and ensuring the organization has adequate funding for its programs

My personal goals to improve my service as a board member are:

(1)
(2)
(3)

If, for any reason, I find myself unable to carry out the above duties to the best of my abilities, I agree to resign my position as a board member/officer.

________________________________________  ______________________________
Board Member’s Signature            Date

--- Expense Reimbursement Form ---

Again, this is just a sample form. Each organization may have its own form. If the form is on the Board Member’s Data Collection CD, just use that form.

<table>
<thead>
<tr>
<th>Date of Expense</th>
<th>Who Was Paid?</th>
<th>For What? (airfare, taxi, supplies, other)</th>
<th>How Much?</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Make check payable to:</td>
<td>Send to:</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Resolutions

Simple sample resolution formats:

Resolved, the organization will do ________.

Resolved, the organization approves ________ for purposes of ________.

Time Tracking for In-Kind Contributions Records

Time is valuable. If organizations can track volunteer time, this in-kind contribution may increase access to grants for funding.

<table>
<thead>
<tr>
<th>Name of Person Contributing Services</th>
<th>How Many Hours?</th>
<th>Hourly Rate Applied to that Type of Service</th>
<th>Value of the Contributed Services</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Board Member Service Form

Board Member: ________________________________

<table>
<thead>
<tr>
<th>Term ends:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board office currently held:</td>
</tr>
<tr>
<td>Member since:</td>
</tr>
<tr>
<td>Gender:</td>
</tr>
<tr>
<td>From (city):</td>
</tr>
<tr>
<td>Business background:</td>
</tr>
<tr>
<td>Eligible for another term?</td>
</tr>
<tr>
<td>Contribution to the board:</td>
</tr>
<tr>
<td>Comments about board service:</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>
General Resources* for Running Better
(More Productive!) Boards

* Much of this information was obtained from the web site sponsored by the Austin Community College Center for Community-Based & Organizations at http://www2.austinecc.edu/npo which offers free downloadable publications (in PDF) as well as links to other useful sites.

In the pages that follow, we will discuss resources for each of the following topics:

- Financial and Fiduciary Information
- Running Meetings
- Developing Leaders
- Legal Obligations, Duties, and Considerations
- Developing Good Board Membership
- Websites and Listserves

Financial and Fiduciary Information

Understanding Nonprofit Financial Statements: A Primer for Board Members

John Paul Dalsimer. 25 pages. 1991. This practical overview of nonprofit accounting concepts, financial statements and ratio analysis is an excellent orientation handbook for board members. The information is brief, but clearly presented. It stresses a proactive approach and encourages board members to understand and ask questions about financial matters. The emphasis on using interim reports for management decision-making is particularly useful. This is an admirable attempt to cover a vast amount of material in a concise format. To order, go to http://www.boardsource.org

Financial Responsibilities of the Nonprofit Board

Andrew S. Lang. 40 pages. 1998. This booklet is designed to help board members understand their critical responsibilities in the key area of financial oversight. Written in non-technical language for both experienced and new board members, this comprehensive publication explains the important issues that board members should address including financial planning, reviewing the audit, and establishing accounting policies and procedures. In addition, this book describes the major financial roles in nonprofits including the treasurer, finance committee, and controller. Checklists on tax and regulatory filing and specific questions the board should ask are also featured. To order, go to http://www.boardsource.org

Fearless Fundraising for Nonprofit Boards

G. Worth George. 24 pages. 1996. How often have you heard board members complaining that they don’t know where to start when it comes to fundraising? This booklet contains a worksheet of 42 specific fundraising activities that range from basic to sophisticated—and all play an important part in an organization’s fundraising plan. With so many options to choose from, all
board members, no matter their skills or experience, can find a way to participate. To order, go to http://www.boardsource.org


Robert P. Fry, Jr. 24 pages. 1997. This booklet helps board members understand investing, spot and avoid shady investments, and safeguard nonprofit assets. In easy-to-understand language, the author explains the basics of investing, how investing for nonprofits is unique, how to work with an investment manager, and ensuring appropriate board member involvement in investment management. To order, go to http://www.boardsource.org

Take Ten Minutes: Principles to Consider Before Engaging In Fundraising by Barry Silverberg downloadable from http://www.austincc.edu/npo/publications.html (PDF 7.4 KB).

Basic Accounting and Reporting for Organizations by Elaine Wetmore, downloadable from http://www.austincc.edu/npo/publications.html (PDF 683 KB).


Finances 101, Rick Bolner, downloadable from http://www.austincc.edu/npo/publications.html, (PDF 552 KB).


Meeting the Insurance Needs of Texas Nonprofits by Anita Prewett, TANO and Marc Ogden, AIMM Companies, downloadable from http://www.austincc.edu/npo/publications.html.


Running Meetings

10 Minutes to Better Board Meetings

Planned Parenthood Federation of America. Western Region. 28 pages. 1994. This focused and well-organized handbook gives specific attention to the most important issues related to all types of meetings. It is a guide to leading and participating in meetings, from preparation to follow up. Perfect for the new board chair or member, it is also useful to more experienced individuals who
want to sharpen their skills and staff members who work directly with boards and committees. The simple, point-by-point text covers topics including creating the agenda, decision-making, achieving consensus, and handling meeting conflicts. Included are a brief and excellent synopsis of Robert’s Rules of Order, useful sample agenda and minutes formats, and a comprehensive meeting preparation checklist. To order, go to http://www.boardsource.org

**The Board Meeting Rescue Kit: 20 Ideas for Jumpstarting Your Board Meetings**

*National Center for Nonprofit Boards. 20 pages. 2001.* The Board Meeting Rescue Kit contains a variety of ways to increase the productivity and efficiency of board meetings. The author’s objective is to inspire your board with new ways to liven up discussions, streamline board procedures, increase effectiveness, and save valuable time. To order, go to http://www.boardsource.org


**Effective Committee Management,** by *Robert A. Floyd,* downloadable from http://www.austincc.edu/npo/publications.html (PDF 737 KB).

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**Developing Leaders**

**Developing Effective Teams (Wilder Nonprofit Field Guide Series)**

*Beth Gilbertsen and Vijit Ramchandani.* Teamwork is rarely simple, easy, or natural. It’s not enough to announce “we’re a team” and expect results. This guide can help deal with problems and improve teamwork.

**Being An Effective Leader** Essays by *Brad Fregger,* downloadable from http://www.austincc.edu/npo/publications.html (PDF 367 KB).


**One Shovel Full: Telling Stories to Change Beliefs, Attitudes, and Perceptions**

*Brad Fregger.* A 174-page book with examples of the book’s thesis: “Understanding how the mind works is the key to understanding how stories work to teach, inspire, and change beliefs, attitudes and perceptions. Essentially, stories work because they speak directly to the subconscious mind . . .” To order, go to http://store.istworldlibrary.com/oneshovelfull.html

**Get Things Done: Ten Secrets of Creating and Leading Exceptional Teams** by *Brad Fregger.* To order, go to http://store.istworldlibrary.com/getthingsdone.html.
Legal Obligations, Duties, and Considerations

A Guide to the State of Texas’ Legal Guidelines for Governing and Managing Organizations

Jan Soifer, downloadable from http://www.austincc.edu/npo/publications.html, (PDF 725 KB)

Nonprofit Corporations: The Board—Liabilities, Pleasures, and Duties


The Nonprofit Legal Toolkit

Developed by Community Building with Attorney Resources (Texas C-BAR) downloadable from http://www.austincc.edu/npo/publications.html

Legal Obligations of Nonprofit Boards: a Guidebook for Board Members (Revised)

Jacqueline C. Leifer & Michael B. Glomb. 32 pages. 1997. Written by two attorneys with extensive nonprofit experience for those without a legal background. Includes sections on the Lobbying Disclosure Act, personal gain, how to avoid personal liability, how to structure contracts with outside parties, standards of conduct for board members and more. To order, go to http://www.boardsource.org

Orientation to Texas State Government


Developing Good Board Membership

How to Recruit Great Board Members

Dorian Dodson. 132 pages. 1993. This book stresses the need to know one’s organization in order to recognize the skills needed in prospective board members, how to sell the organization to these individuals so they accept an invitation to join the board, and how to keep board members motivated and active. The author’s informal tone makes this enjoyable and easy reading. To order, go to http://www.boardsource.org

The Board Building Cycle: Nine Steps to Finding, Recruiting and Engaging Nonprofit Board Members

Sandra R. Hughes, Berit M. Lakey, and Maria J. Bobowick. 52 pages. 2000. One of the most important responsibilities of a board is to ensure that it continuously adds qualified new members
and keeps them engaged. Board building shouldn’t just happen when it’s time to fill a vacancy, but should be a continuous process that includes year-round activities. The Board Building Cycle features nine-steps for your board to follow through the board development process. This book provides helpful tips on what motivates people to join boards, how and where to find board members, ideas for conducting an orientation session, and specific tasks for the board’s governance committee. To order, go to http://www.boardsource.org

The Chief Executive’s Role in Developing the Nonprofit Board

Maureen Robinson. 16 pages. 1998. In this booklet, Executive Directors will learn about the important connection between developing the board and creating a strong working relationship. The importance of building a strong alliance with the board chair, cultivating leadership among board members, and helping to identify and recruit board members is also discussed. To order, go to http://www.boardsource.org

Organizational Development for Your Organization by Barry Silverberg, downloadable from http://www.austincc.edu/npo/publications.html (PDF 50.3).

Web Sites and Listserves

Center for Community-Based & Organizations at Austin Community College – http://www2.austincc.edu/npo

This site provides a wealth of free downloadable publications, links, low cost and free learning opportunities (workshops), NPO job postings, grants information, board development resources, etc. To receive the Center’s weekly ANNOUNCEMENT LISTSERV, e-mail bsilverb@austincc.edu and provide your e-mail and name.

Strategic Creativity (free web-based NPO journal) – http://www.strategic-creativity.org

Published by the ACC Center for Community-Based and Non Profit Organizations, Strategic Creativity’s mission is to promote the application of strategic creativity in nonprofits. Rather than always looking for financial solutions, nonprofits will be informed, educated and encouraged to enhance and enrich their operations through strategic creativity. It contains brief articles, columns, book reviews, abstracts, links and humor which promote greater use of strategic creativity within the NPO arena. To subscribe, e-mail bsilverb@austincc.edu and provide your e-mail address and name.

Texas Association of NonProfit Organizations (TANO) – http://www.tano.org

TANO is a 501(c)(3) organization that works to serve, support, and strengthen Texas' nonprofit sector through initiatives in three program areas: nonprofit advocacy and public policy; information referral and exchange; and products and services for Texas NPOs. Among other assets, its web site contains resource material on Nonprofit Basics, Insurance, and other critical issues. Of special interest is TANO’s collaborative report with the National Center for
Charitable Statistics on The Texas Nonprofit Sector which is downloadable free at http://www.austin.cc.tx.us/tano/reports_nccs.htm

The Alliance for Nonprofit Management – http://www.allianceonline.org/

The Alliance for Nonprofit Management is the professional association of individuals and organizations devoted to improving the management and governance capacity of nonprofits - to assist nonprofits in fulfilling their mission. Its web site contains a superior section of Frequently Asked Questions (FAQs) on Board Development; Financial Management; Strategic Planning; Fundraising; Risk Management and Credit Card Acceptance.

Non-Profit Genie—http://www.genie.org

If you are looking for any answer you ever wanted to know about serving on a nonprofit board, check out the Non-Profit Genie at http://www.genie.org. This site is run by the California Management Assistance Partnership and is a good starting point for questions about nonprofit boards.

Board Café Newsletter—http://www.boardcafe.org

Also consider signing up to receive (free!) the Board Café Newsletter that contains not only relevant tips and articles, but a searchable archive of past issues with practical advice on serving on a nonprofit board, and how the board can best serve the organization and community. This newsletter is distributed via email, and you can sign up on their list at: http://www.boardcafe.org.

Board Source—http://www.boardsource.org


If you have a question, someone may have already asked it. Check out the board Intel at board Source, http://www.boardsource.org. Their extensive listing of both questions and answers from people serving on nonprofit boards addresses many topics from legal liability and financial issues to board development and participation in board meetings.

Management Assistance Program for Nonprofits— http://www.mapfornonprofits.org

The Free Management Library, run by the Management Assistance Program for Nonprofits is an on-line resource. Topics include fundraising, advertising, promotion, and volunteer networks.

Free, On-Line Organization and Management Development Program –

Using resources of the Free Management Library noted above, this free, "nuts and bolts" organization development program will be useful to the beginner as well as the advanced NPO practitioner.
Office Depot Free Forms—http://www.officedepot.com

Free downloadable forms are available from the Office Depot's website, under "business tools". These forms contain everything from financial worksheets to sample smoking and termination policies.

Specific Resources for Serving on Specific Boards

- Articles of Incorporation
- Bylaws
- Organizational Records
- Board Meeting Minutes
- Board Resolutions History
- The Quick Reference Corporation Information Form and Annual Calendar
- Staff Positions and Responsibilities Chart
- Policies and Procedures Manual

Again, as noted above on page 58, "Taming the Paper Tiger," boards could greatly enhance their productivity by keeping records on a Board Member's Data Collection CD. Once such information is set up in a computer directory by an organization, it can be easily updated, with new CD's produced and provided to board members quarterly.

Consider providing the following documents in hard copy for a board member orientation, and also on CD so that the board members can leave the notebook behind, if they so choose, and just lug home the 1/2-ounce CD.

Articles of Incorporation

In order to incorporate as a nonprofit corporation, the organization must file Articles of Incorporation with the Secretary of State's office. For a sample set of Articles of Incorporation, see http://www.sos.state.tx.us/corp/nonprofit.shtml.

In general, Articles of Incorporation include at least the following information:

- The name of the corporation
- That the corporation is a nonprofit corporation
- That the period of its duration is perpetual
- That the corporation is organized for charitable or educational purposes
- Name and address of the incorporator
- Name and address of the registered agent to be on record with the Secretary of State’s Office
- Number of initial directors
- Names and addresses of the initial members of the Board of Directors
- Whether or not the corporation has members
• Whether the Bylaws can be amended by the directors or the members

If the nonprofit corporation intends to seek tax-exempt status under Section 501(c)(3) of the Internal Revenue Code, then additional language is advisable.

In addition, board members would benefit from having a written history and fact sheet for the organization, and the I.R.S. determination letter.

Bylaws

The Bylaws govern how the board and the organization will operate. Initial Bylaws are adopted by the board or the members (as set forth in the Articles of Incorporation) and can be amended or restated by either the board or the members (again, as set forth in the Articles of Incorporation).

Bylaws will typically include:

• The name and address of the organization
• The organization’s objectives
• Information on members, such as whether or not the corporation has members and, if so, voting rights
• Officers of the corporation, their terms and duties
• Board members, terms, duties, and required qualifications
• Meetings and notices for meetings
• Nominating committee and elections
• Committees
• The fiscal year of the Corporation
• How Bylaws may be amended

Bylaws often include more information important to the organization. Consider, also, whether the Bylaws should designate Robert’s Rules of Order as the official rules of order for meetings and whether the corporation should indemnify its directors and officers.

Organizational Records

In addition to the Articles of Incorporation and Bylaws, corporations will have minutes of an organizational meeting in which initial operations and expenses are addressed. Important information is often included in these minutes, and thus it is a good idea for the organization to provide these records to new board members.
Board Meeting Minutes

Some board meeting minutes will be painfully boring. But they can be very important. It is important that new board members understand what often happens in board meetings.

Further, a common problem with organizations that meet infrequently is that board members forget the resolutions that have been adopted by the board in the past. A web site containing a "board members only" section will let board members refresh their memories, and prevent churning of the same ideas over, and over, and over again.

As a board member, when we have great ideas it would be helpful to revisit past meeting minutes to see if our great idea has been presented before, how many times it has been presented before, and what happened to it.

*In addition, board members would benefit from having a current listing of board members and a listing of past board members, and some information about each of them.*

*Further, it would be very useful for each board member to post their goals and recollections of each year, in order to develop an electronic "institutional memory."*

Board Resolutions History

Separate and apart from the more voluminous board meeting minutes, consider adopting as an organization standard keeping a resolutions history as a separate document in a format such as the following:

<table>
<thead>
<tr>
<th>Date of Resolution</th>
<th>Resolution</th>
<th>Who Made Resolution, Seconded It, Vote Count</th>
<th>Current Status</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

While it may be hard to pull together old resolutions, starting NOW with this system could provide great benefits over time.

The Board Resolutions History form would also be a great candidate for being placed on the Board Members Only section of the organization’s web site, but would also be useful in hard copy.
The Quick Reference Corporate Information Form (and Annual Calendar)

One way to use time effectively is to not repeatedly waste time collecting routine data. Each organization could benefit from having a Quick Reference Corporate Information Form. If the organization does not have one, ask the Executive Director or board chair to prepare one.

If the organization is not willing to do so, each of us could take on this task for ourselves and other board members.

| ABQ, Inc. |
| *Fictitious Names and Dates Throughout This Example*

**QUICK REFERENCE: Corporate Information Sheet**  
(Current as of April 12, 2003 — Update Annually)

1. Articles of Incorporation filed with Texas Secretary of State—May 2, 1989.

2. Current Officers and Directors:
   (a) President:   Nancy Brown
   (b) Vice President:  Frank Anderson
   (c) Treasurer:    Susan Johnson
   (d) Secretary:    Steve Jackson

3. Registered Agent and Registered Address:  Susan Johnson, 600 S. Congress, San Angelo, Texas 75899

4. Fiscal Year: January 1 to December 31

5. Bank Accounts and Banking Relationships with:  Wells Fargo Bank of San Angelo, Texas

6. Dues for membership:
   (a) $25 for Sponsoring members
   (b) $10 for Associate members
   (c) $50 for Contributing members
   (d) $100 for Sustaining members
   (e) $250 for Benefactors

7. Accountant: Robert Starnes, 800 S. Lamar, San Angelo, Texas 75899
8. Calendar:

January  Treasurer compiles records and coordinates with auditors and/or accountants to file tax returns and prepare financial information for grant application purposes.

Every month  Annual budget reviewed and monitored continuously. Throughout the year, track: (1) last year’s budget, accounting, taxes, and audits, (2) current year’s budget, accounting, taxes, and audits, and (3) the following year’s proposed budget.

May  3 members of the Nominating Committee appointed by the board but not the board chair. Members of the Committee elect a chairperson.

June 1  Membership committee chairperson submits list of members and membership status to the board of directors.

July 25  No earlier than July 25 and no later than August 15, mail notices to the membership regarding the Annual Membership Meeting. Note on the notice that (1) officers and directors will be elected, and (2) there will be a meeting of the board of Directors immediately following the Annual Membership Meeting. This will serve as notice of the board of directors meeting to the newly-elected directors.

August 15  Membership committee chairperson prepares listing of sponsoring members entitled to vote at the Annual Membership Meeting in September and submits list to the President. Membership committee prepares listing for meeting to ensure that each sponsoring member casts one vote.

August 31  Nominating committee submits prepared ballots to the President for the Annual Membership Meeting.

September  Annual Membership Meeting on the second Monday of September at 7 p.m. Annual Board of Directors Meeting follows immediately after the Annual Membership Meeting.

Before Year End  Finalize budgets for the following year, seek board approval.

[PLEASE NOTE ANY OTHER CALENDAR MATTERS SO THAT THIS LISTING WILL BE AS USEFUL AS POSSIBLE]

In addition, board members would benefit from having the annual report, most recent audit, Form 990, banking resolutions and investment policies.
Staff Positions and Responsibilities Chart

Many larger organizations have a chart providing staff positions and responsibilities in detail. Board members will find it useful to know who is doing what within the organization.

Policies and Procedures Manual

The organization’s Policies and Procedures Manual is the road map to work flow. Without understanding this manual, it will likely be difficult for board members to have a clear understanding of how missions can be pursued.

The Policies and Procedures Manual, along with the other documents and information referenced above could be included on the board member’s Data Collection CD (which is updated and provided to board members quarterly).

Final Words

We hope this manual will be useful to you as you work to improve the world for all of our families.

Go Forth and Do Good
(in a cost-effective and time efficient manner).