



The Standards for excellence

An Ethics & Accountability Program for the Nonprofit Sector

#4 – BOARD MEMBER RESPONSIBILITIES

Brought to you by the Pennsylvania Association of Nonprofit Organizations¹



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PREAMBLE

Pennsylvania's nonprofit sector serves the public interest and plays an essential role in our society and economy. Working constructively to strengthen communities across the Commonwealth, nonprofits enrich our lives in a variety of ways by creating a broad array of benefits to society in fields such as , religious, scientific, economic, health, cultural, civil rights, environment, and education.

Public investment and confidence drive the success of nonprofit organizations. Individuals, corporations, foundations, and federal, state, and local governments add value to the services that nonprofits provide by investing time, resources, and funds. Given their role in society many, including PANO, refer to nonprofit organizations as the Community Benefit Sector.

The Pennsylvania Association of Nonprofit Organizations (PANO) amplifies the impact of the Community Benefit Sector through advocacy, collaboration, learning and support. PANO aims to raise the level of accountability, transparency, and effectiveness of all nonprofit organizations to foster excellence and inspire trust. The Standards for Excellence code (Standards, or code) provides a framework and step-by-step guidelines to achieve a well-managed and responsibly- governed organization.

The code builds upon the legal foundations of nonprofit management, governance, and operations to embrace fundamental values such as honesty, integrity, fairness, respect, trust, compassion, responsibility, and transparency. The code consists of six Guiding Principles covering 27 topic areas with specific performance benchmarks that characterize effective, ethical, and accountable organizations. The Institute helps the nonprofit sector operate in accordance with the Standards for Excellence code by providing educational resources, assistance, and a voluntary accreditation process.

PANO encourages all nonprofit organizations to adopt the Guiding Principles of the Standards for Excellence code. By implementing the performance benchmarks in the code, nonprofit organizations will meet the highest ethical standards for effective service in the public interest.

Primarily designed for 501 (c) 3 organizations, the code is applicable for 501 (c) 4's and 6's. These organizations depend on public support and want to be transparent. In the current code some limitations exist on lobbying and political activity for (c) 3's that do not apply to 4's and 6's.

STANDARDS FOR EXCELLENCE®

I. MISSION, STRATEGY and EVALUATION

Guiding Principle: Nonprofits are founded for the public good and operate to accomplish a stated purpose through specific program activities. A nonprofit should have a well-defined mission, and its programs should effectively and efficiently work toward achieving that mission. Nonprofits have an obligation to ensure program effectiveness and to devote the resources of the organization to achieving its stated purpose.

II. LEADERSHIP: BOARD, STAFF, and VOLUNTEERS

Guiding Principle: Nonprofits depend upon effective leadership to successfully enact their missions and programs. Effective leadership consists of a partnership between the board and management, each of which plays an essential role. Understanding and negotiating these shared and complex elements of leadership is essential to the organization's success. A nonprofit's employees and volunteers are fundamental to its ability to achieve its mission.

Board members are in a position of trust to ensure that resources are used to carry out the mission of the organization. An organization's board leadership should consist of volunteers who are committed to the mission and who demonstrate an understanding of the community served. An effective nonprofit board should determine the mission of the organization, establish management policies and procedures, assure that adequate human and financial resources are available, and actively monitor the organization's allocation of resources to effectively and efficiently fulfill its mission. For membership organizations, board members are directly responsible to the members.

Nonprofits should also have executive leadership which carries out the day-to-day operations of the organization, ensures financial and organizational sustainability, and provides adequate information to the board of directors. An organization's human resource policies should address both paid employees and volunteers and should be fair, establish clear expectations, and provide meaningful and effective performance evaluation.

III. LEGAL, COMPLIANCE, and ETHICS

Guiding Principle: Nonprofits enjoy the public's trust, and therefore must comply with a diverse array of legal and regulatory requirements.—Organizations should conduct periodic reviews to address regulatory and fiduciary concerns. One of a leadership's fundamental responsibilities is to ensure that the organization governs and operates in an ethical and legal manner. Fostering exemplary conduct is one of the most effective means of developing internal and external trust as well as preventing misconduct. Moreover, to honor the trust that the public has given them, Nonprofits have an obligation to go beyond legal requirements and embrace the highest ethical practices. Nonprofit board, staff, and volunteers must act in the best interest of the organization, rather than in furtherance of personal interests or the interests of third parties. A nonprofit should have policies in place, and should routinely and systematically implement those policies, to prevent actual, potential, or perceived conflicts of interest. Ethics and compliance reinforce each other.

IV. FINANCE AND OPERATIONS

Guiding Principle: Nonprofits should have sound financial and operational systems in place and should ensure that accurate records are kept. The organization's financial and nonfinancial resources must be used in furtherance of tax-exempt purposes. Organizations should conduct periodic reviews to address accuracy and transparency of financial and operational reporting, and safeguards to protect the integrity of the reporting systems.

V. RESOURCE DEVELOPMENT

Guiding Principle: The responsibility for resource development is shared by the board and staff. Nonprofit organizations depend on an array of sources of financial support. An organization's resource development program should be maintained on a foundation of truthfulness and responsible stewardship. Its resource development policies should be consistent with its mission, compatible with its organizational capacity, and respectful of the interests of donors, prospective donors, and others providing resources to the organization.

VI. PUBLIC AWARENESS, ENGAGEMENT, and ADVOCACY

Guiding Principle: Nonprofits should represent the interests of the people they serve through public education and public policy advocacy, as well as by encouraging board members, staff, volunteers, and stakeholders to participate in the public affairs of the community. When appropriate to advance the organization's mission, nonprofits should engage in promoting public participation in community affairs and elections. As such, they should communicate in an effective manner to educate, inform, and engage the public.

ABOUT PANO

PANO is the statewide membership organization serving and advancing the nonprofit sector through advocacy, collaboration, education and other services in order to improve the overall quality of life in Pennsylvania. PANO exists to support the incredible work of the nonprofit sector and highlight the critical role nonprofits serve. By coming together and recognizing our collective value, Pennsylvania communities and the power to do good will thrive.

PANO is licensed with the Standards for Excellence Institute to offer the Standards for Excellence Ethics and Accountability Program in Pennsylvania. The centerpiece of the program is the Standards for Excellence: An Ethics and Accountability Code for the Nonprofit Sector. Through the Institute, PANO also makes available to member organizations a comprehensive system of educational tools to enable individual nonprofit organizations to improve their governance and management practices. Standards for Excellence accreditation is available to individual organizations through a rigorous peer review process in Pennsylvania. For more information about joining PANO or to obtain additional copies of the booklet or educational resource packets visit our website at www.pano.org or contact PANO at 717-236-8584 or email Tish Mogan at tish@pano.org.

ABOUT THE STANDARDS FOR EXCELLENCE INSTITUTE

The Standards for Excellence Institute is a national initiative established to promote the highest standards of ethics and accountability in nonprofit governance, management and operations, and to facilitate adherence to those standards by all nonprofit organizations. The Institute uses as a vehicle the Standards for Excellence program, a system of nonprofit sector industry self-regulation originated by the Maryland Association of Nonprofit Organizations and currently replicated by licensed partners in Alabama, Central Virginia, Delaware, Eastern Tennessee, Ohio, Oklahoma and Pennsylvania. The program is also being offered to chapters of The Arc nationwide through The Arc of the United States, to the American Nurses Association, and to Catholic nonprofit organizations nationwide through the National Leadership Roundtable on Church Management.

Board Member Responsibilities

As the *Standards for Excellence: An Ethics and Accountability Code for the Nonprofit Sector* states:

Board Member Responsibilities

The board should be composed of individuals who are personally committed to the mission of the organization and understand their roles as a fiduciary in performing the legal duties of a governing body.

The board should establish and periodically review the bylaws and policies to ensure the effective governance and management of the organization.

The board is responsible for its own operations, including periodic (i.e., at least once every two years) evaluation of its own performance.

The board should have stated performance expectations and hold board members accountable for attendance at meetings, participation in fundraising activities, committee service, and involvement in program activities.

The board is responsible for the orientation, education, and (where appropriate) the removal of board members. New board members should receive an introduction to the Standards for Excellence code.

The board should meet as frequently as needed to fully and adequately conduct the business of the organization. At a minimum, the board should meet four (4) times a year.

Board agendas should be strategically structured around decision-making in a way that facilitates efficient, effective, and engaging meetings. Accurate minutes reflecting board and committee actions should be kept and distributed to all board and committee members.

Committees with decision-making authority should report any committee actions or decisions to the full board. Those decisions must be reflected in the board minutes.

The Board's Governance and Fiduciary Responsibility

The primary role of a nonprofit board is the *governance* of the organization. This includes establishing the structure, policies, and plans that guide the board and staff members in fulfilling the organization's mission.

In order for a nonprofit's board to be in a position to effectively govern an organization, it must first take responsibility for its own operations. Careful attention to recruiting and selecting board members, as well as training and orienting new members, is crucial to the success of an organization's board and its operations.

Board members should determine the policies and procedures necessary for maintaining an effective board. These policies should cover recruiting and orienting new members, fundraising, strategic planning, and board meetings and participation.

The Board's *fiduciary* duty is a legal duty to act solely in the nonprofit organization's interests. Board members hold the organization in trust for the public good and the fulfillment of the organization's mission. They are expected to exercise judgment in a way that best serves the organization and its beneficiaries.

"Under well-established principles of nonprofit corporation law, a board member must meet certain standards of conduct and attention in carrying out his or her responsibilities to the organization. Several states have statutes adopting some variation of these duties which would be used in court to determine whether a board member acted improperly. These standards are usually described as the duty of care, the duty of loyalty, and the duty of obedience.

Duty of Care

The duty of care describes the level of competence that is expected of a board member and is commonly expressed as the duty of "care that an ordinarily prudent person would exercise in a like position and under similar circumstances." This means that a board member owes the duty to exercise reasonable care when he or she makes a decision as a steward of the organization.

Duty of Loyalty

The duty of loyalty is a standard of faithfulness; a board member must give undivided allegiance when making decisions affecting the organization. This means that a board member can never use information obtained as a member for personal gain, but must act in the best interests of the organization.

Duty of Obedience

The duty of obedience requires board members to be faithful to the organization's mission. They are not permitted to act in a way that is inconsistent with the central goals of the organization. A basis for this rule lies in the public's trust that the organization will manage donated funds to fulfill the organization's mission."

*From Bridgespan; Written by Bruce R. Hopkins, Legal Responsibilities of Nonprofit Boards (BoardSource 2003).
<http://www.bridgespan.org/Publications-and-Tools/Nonprofit-Boards/Nonprofit-Boards-101/Legal-Responsibilities-Nonprofit-Boards.aspx#.VASwG2PiMpl>*

The Board Member's Legal Responsibilities

Often, state laws define the standard of care that must be exercised by board members of a state corporation. Typically, the standard requires that a director act "in good faith," in a manner that is in "the best interests of the corporation" as opposed to in his or her personal interest, and with the care that an "ordinarily prudent person" would exercise under "similar circumstances."

To fulfill his or her fiduciary responsibilities, it is generally understood that a board member must:

- Put the interest of the organization first and not use his or her position as a director for the benefit of personal or business interest (including benefiting family members and business associates)
- Stay informed about the affairs of the corporation
- Attend and participate in board meetings
- Support decisions of the board
- Preserve the confidentiality of the nonprofit's business information and operations
- Not divert business opportunities to another business or entity when those opportunities would benefit the nonprofit

Where charitable assets are involved, board members have both statutory and common law duties to safeguard and assure that the assets continue to be used for charitable purposes. The common law duties include the duty of care, the duty of loyalty, and the duty of obedience.² Board members should make reasonable efforts to ensure that the nonprofit organization is complying with state and federal regulations related to the use of charitable funds (such as the Uniform Prudent Management of Institutional Funds Act³).

In order to be informed, board members often rely upon information provided by staff or other board members. Much of this communication occurs during scheduled board meetings (although technology is continuing to facilitate the sharing of ideas and information outside of the structured meeting format).

Absence from a meeting or failure to stay informed does not exclude the board member from responsibility for what transpired at a board meeting. In fact, absence from meetings may be used as evidence that the board member has breached his or her fiduciary responsibilities. As such, a big part of fulfilling a board member's fiduciary role is the action of being present at board meetings, whether in person or via whatever technology has been established for the meeting. In situations where board members have unavoidable absences, they need to be willing to review materials and keep up with the discussions and issues.

When Board Members Act in a Representative Capacity

Sometimes board members are elected or appointed because of their affiliation with, or as a representative of, another organization, government agency, or constituency. Where this is the case, the board member may bring the perspective of the other entity to the table when appropriate. However, they must always act in the best interest of the nonprofit on which they serve and not the entity they represent.

As an individual, a board member's fiduciary responsibilities are personal and should remain separate from the interests of the other organization(s) with which they are affiliated. If interests should diverge, the board member's responsibility is to serve the interests of the board, not of the other affiliated organization. If this is not possible, the board member should respectfully decline participation in the decision making process on specific issues where the conflict exists. In the event that the conflicts are widespread and force the board member to abstain from a significant number of decisions, the board member may want to consider stepping down from the board and establishing an alternative relationship with the nonprofit.

² See Hopkins: http://www.nonprofitlawcenter.com/resDetails.php?item_ref=181

³ <http://uniformlaws.org/Act.aspx?title=Prudent+Management+of+Institutional+Funds+Act>

Bylaws

"Bylaws define how a nonprofit organization will be managed and how it will run. They determine which staff and board members have authority and decision-making responsibilities and how those responsibilities should be carried out. They create a framework for the organization, and aid in resolving internal disputes. They also describe the rules for calling board meetings, and how and when board members are elected."

The Foundation Center

<http://foundationcenter.org/getstarted/tutorials/establish/bylaws.html>

The Internal Revenue Service (IRS) provides the following resource list for all states, to learn more about state requirements for bylaws. <http://www.irs.gov/Charities-&-Non-Profits/State-Nonprofit-Incorporation-Forms-and-Information>

From time to time, the board may decide to review and amend the bylaws to make sure they are in compliance with changes in the law or with current best practice. The bylaws themselves typically provide guidance on how this should be done, including giving advance notice, number of votes required, and when the change goes into effect. A copy of the amended bylaws is then sent to all board members and leadership staff.

A sample set of bylaws is included in Attachment A. While this sample can be used as a general resource, organizations should consult with a legal representative in their own state to ensure that any bylaws provisions are in keeping with local laws.

It can be helpful to have a least one copy of the bylaws available at every board meeting to ensure that actions being considered by the board are consistent with the bylaws (such as, quorum, number of votes required, mail voting, elections, authority to act, etc.). This also helps to avoid the board taking action through a regular vote that may in fact be a matter that requires a bylaws amendment (for example, establishing an advisory or honorary board or increasing the number of members).

Policies

Policies provide more detailed and specific guidelines for how the organization operates. The *Standards for Excellence* code identifies a number of specific board-approved policies, actions, and plans that are required for effective governance:

- Mission and Vision Statements
- Strategic Plan
- Resource Development Plan
- Financial, Human Resources, and Volunteer Policies
- Administrative Policies, such as crisis planning, technology, communications, strategic partnerships, sponsorships, fund raising, sustainability, advocacy and public policy
- Annual Budget
- Financial Reports
- Compensation Structure
- Evaluation and compensation review of Executive Director
- Succession Plan
- Board Self-evaluation

Additional information on these topics can be found in this and other *Standards for Excellence* educational resource packets.

While staff and/or board committees may take a lead role in researching, writing, reviewing, and drafting changes to policies and plans, the full board is ultimately responsible for final approval (unless this authority has been otherwise granted in the bylaws). The executive director is typically charged with the responsibility for implementation of all board-approved policies.

Periodic review and revision, when needed, of board-approved policies and plans is an important function of the board and leadership staff. A defined schedule or review cycle (every one, two, or three years, for example) for each policy or plan helps to ensure accountability and follow through, as well as helping to balance the time spent on this task across several years. It is not required that changes be made during every review process, only that a review takes place and the board has discussed the matter.

It may also be helpful for the board to establish a "policy on policies" that includes information such as:

- Statement of philosophy, principles, or purpose for organization policies
- The board approves all corporate policies, including (organization may insert its policy listing here)
- Review cycle/schedule for policies
- Policy changes or additions are prepared by staff and presented to the board or designated committee for action
- A majority (or other number) vote of the Board is required to approve policies
- Implementation of the policies is the responsibility of the executive director or designee

Board Evaluation of Its Own Performance

Self-evaluation enables a board to maintain and improve the quality of its leadership and helps to bring about positive and practical changes in the group. Providing education and training to new board members sets a standard for board-related work at the outset of board involvement. Board performance evaluation, like the evaluation of the executive director, should be an opportunity for learning, growth, recommitment to the mission of the organization, and an affirmation of the importance of each board member's job.

Boards should evaluate their own performance on a regular basis. A typical way that board members handle this is to ask each member to fill out a survey or questionnaire (administered via online survey tool or on paper copy). The questionnaire, often administered once a year or once every other year, gives members the opportunity to rate how well they believe the board is fulfilling a variety of board functions. Organizations may use tools developed by others, or develop their own approach to self-evaluation. Whatever approach is used, the board should seek the input of every board member and, potentially, the executive director. As an additional check and evaluation strategy, many boards also assess total board performance by setting aside time at the end of each meeting to ask the question: "How are we doing?" and "What do you like and not like about how we are doing business?"

Assessing individual board members' contributions is also important for the growth and development of the board as a whole. Leaders like to serve on boards where everyone is expected to participate. Once each year, the board president or the Nominating/Board Development Committee should review each board member's performance to determine if they have met the organization's minimal standards for meeting attendance, financial support, and other responsibilities outlined in the board member position description, etc. If an individual has

fallen short, this is an opportunity for the board chair to sit down with the individual to discuss how they are feeling about their board service, what circumstances may have contributed to their less than stellar performance, and whether they are prepared to be more active in the future. The responses to this discussion may lead to a decision to leave the board.

Board members should be encouraged to assess their individual performance and be provided with the time and tools to do so. A board member does not need to share the results of the self-assessment with others, but should be encouraged to use the process to identify and share ways in which the organization could make their service more satisfying and productive.

Sample board of directors evaluation questionnaires are found in Attachments B and C of this educational resource packet. It is important to assess both how the board as a whole is performing and how the individual board members are performing and contributing to the board.

Expectations for Board Members

Establishing written expectations for board members is a great way of communicating clearly to board members with regard to their role as a nonprofit board member. Board members play many roles in their service to an organization, which include, but are not limited to, fundraising, strategic planning, serving on committees, and participating in program activities.

There are a number of ways to communicate board member expectations.

- Expectations may be listed in a board member position description.
- Expectations may be spelled out in detail in a “Welcome to the Board” letter from the board’s chair to new board members.
- Expectations may be communicated through a board commitment form that requires a board member’s signature to acknowledge receipt, understanding, and a pledge to fulfill his/her responsibilities.

Expectations for members will differ from one board to the next, and each board needs to decide what its members’ role in the organization will be. It may be appropriate for the Nominating/ Board Development Committee/Governance Committee or Executive Committee to review the board member expectations annually or every other year to determine if updates are needed. When preparing the board member expectations document, it is important to consult the organization’s bylaws to assure consistency.

In addition to a general position description/expectations document for all board members, there should be specific position descriptions for each officer and committee chair. Some organizations also find it helpful to develop descriptions to guide the scope of work of committees.

Expectations should be communicated to board members at the recruitment and orientation stage and throughout an individual’s tenure on the board. Typical responsibilities of board members often include:

- Regular attendance at board meetings (and consequences for not attending board meetings);
- Preparation for meetings;
- Participation in committees appropriate to each individual’s skills and interests;

- Participation and leadership in establishment of plans, policies, and fiscal affairs of the organization;
- Commitment and involvement;
- Fundraising/Resource development expectations;
- Governance related to program activities; and
- Any other specific duties that board members may have.

More details about the topics on this list of responsibilities follow.

Attendance

A board member cannot fulfill his/her responsibilities as if she or he does not attend board meetings. Attendance at meetings is a fundamental responsibility of board members. Board members may be liable for the decisions of the board of directors whether or not they attend a meeting.

There is a common misconception that an individual board member can delegate his/her vote to another board member to cast on an important issue when she/he cannot be present at the meeting. This is not the case. The use of proxies is considered a breach of an individual's fiduciary responsibility as a board member and is illegal in many states.

Preparation for Meetings

It is a regular practice in many boards to provide meeting materials, including agendas, reports, minutes from committees and previous board meetings, financial reports, and other information to board members in advance of the meeting date. Materials should be thoughtfully read and considered by each board member prior to the board meeting so that each member approaches the board discussion ready and able to fully participate.

Participation in Committees

Committees exist to efficiently achieve the work of a board and make the best use of the talent and time of its members. Many board member position descriptions stipulate each board member's involvement in at least one committee.

Board leadership should take care to make committee assignments with the needs of the committee and each individual board member's skill and background in mind, thus giving each committee the maximum opportunity for success.

Additional information about board committees can be found later in this packet.

Board's Review of Form 990

The Return of Organization Exempt Form Income Tax-Internal Revenue Service Form 990 includes a request as to whether or not the organization's governing body reviewed a copy of the 990 prior to filing. With this new request in place, one might assume that more boards will include a board member's receipt and review of the Form 990 as an additional task on the board member's position descriptions. One method of review nonprofits are likely to employ is distribution of the Form 990 to all board members via email. The board minutes should also indicate that this review took place.

Participation and Leadership in Setting Policies and Handling Fiscal Affairs of the Organization

Nonprofit boards should focus on the governance of the organization and set policies (such as financial policies, human resource policies, and others) and lead and monitor decisions about the fiscal affairs of the organization accordingly. Board members should all be able to read and understand financial statements for the nonprofit organization and participate in related discussions. This includes, but is not limited to:

- Approving the organization's budget prior to the start of the fiscal year;
- Reviewing internal financial statements (with careful review of the variances between actual and budgeted figures); and
- Hiring the audit firm and reviewing the audit.

Commitment and Involvement

Board members should be committed to the mission, vision, and values of a nonprofit organization. In short, board members should see themselves as the guardians for the mission of the organization and should be willing to assist in the organization's work toward meeting this mission.

Fundraising/Resource Development Expectations

One of a board's responsibilities is to make sure that the organization has the resources it needs to support its mission. Using methods appropriate to the organization, the board should explore all funding sources and develop a plan to raise the funds that the organization needs. It is important to clearly define the responsibilities of staff and board members in fundraising matters.

Most boards expect that their board members will personally donate to the organization according to their ability to give. Some may request a specific amount for board members to contribute while others leave the amount open to the individual. While boards generally expect members to make individual contributions, they also may ask board members to participate in fundraising activities and solicit contributions from others. An organization counts on its board members to assist in maintaining funds, so 100 percent participation is important for all members. Foundations and other funders may also inquire about the board's participation in giving to the organization and may only provide grants to organizations in which all board members provide some sort of financial gift to the organization. Because an organization may have a variety of ways that board members can participate, expectations should be clearly explained in the board policy addressing board expectations or responsibilities.

Program Activities

One of a board member's responsibilities is to oversee how well programs are aligned with the organization's mission. A board is ultimately responsible for the establishment, continuation, or termination of programs, while staff members are responsible for the operation of the programs. The board also needs to ensure that an effective program evaluation system is in place to determine if the programs are successful and are working towards achieving the organization's mission. Program evaluation should be a systematic part of the organization's overall program cycle, in addition to budgeting, planning, monitoring, and reporting.

Specific Duties

Some boards expect all board members to attend a certain number of events each year. Others expect that each board member will participate in the organization's program evaluation strategy

by interviewing program participants or participating in focus groups. Still others ask board members to serve on speaker's bureaus, participate in meetings with funders, etc.

The board member expectations document/ position description should also be used as a basis for the development of the periodic evaluation for board members.

Samples of a board member position description and commitment form are found in Attachments D and E.

Board Member Development, Orientation, and Training

In many organizations, a Board Development, Nominating, or Governance Committee coordinates the ongoing training of the board. Many boards hold an annual board retreat or training seminar. Other boards offer ongoing training opportunities at regular intervals, such as during each meeting, every other meeting, twice per year, or once a year.

New board members should be oriented to the organization, and to their responsibilities as board members. According to BoardSource, 71 percent of nonprofit boards that offered a structured orientation program stated that they were well informed or very well informed of their governance and legal responsibilities. Other the other hand, when asking board members without a structure orientation program, only 41 percent considered themselves well informed or very well informed of their governance and legal responsibilities.⁴ The board orientation should outline the expectations of the board and thoroughly cover board member position descriptions and participation policies. Some boards hold a day or half-day retreat for orientation, while others orient new board members before, during, or after a regular board meeting.

Mentoring programs can provide an effective tool for board member development by matching an experienced board member with a new board member to familiarize her or him with the organization over a set period of time.

Of course, the board member position description and board manuals are essential tools for the orientation of new board members. Board manuals can:

- Increase the board's knowledge;
- Promote interaction between board members at meetings;
- Clearly state board members' obligation to an organization;
- Provide for the ongoing development of the board;
- Enable smoother meetings; and
- Provide a base for more effective decision making.⁵

Board members should be oriented on topics including:

- Organization's mission, values, and long term strategic plan;
- The organization's structure and staffing;
- The organization's programs (including the program planning, budgeting, and evaluation cycle);
- The organization's facilities;
- Roles and responsibilities of board members;

⁴ BoardSource, *Nonprofit Governance Index 2012*.

⁵ Forni, Joseph M., *Combined Health Agencies*, 1995.

- Fundraising skills and responsibilities;
- How the organization is regulated;
- Code of conduct, code of ethics, and/or external standards, licensing, or accreditation;
- How the board carries out its role as a supervisor for the executive director;
- Board member's legal responsibilities; and
- Financial oversight (reading and understanding financial statements).

A sample board orientation checklist and information on what to include in a board of directors handbook/manual are found in Attachments F and G.

Board Meetings and Attendance

Board meetings are an important mechanism for facilitating the work of the board and need to be held as frequently as necessary in order to accomplish the board's work. At a minimum, boards should meet four times each year. Meeting fewer than four times a year can cause disruptions in information flow and hamper the board's decision-making process. Ninety percent of nonprofit organizations nationally meet at least four times each year.⁶

In addition to their overall responsibilities, boards may also have roles and responsibilities unique to their individual organizations. Given the abundance and scope of responsibilities, frequent board meetings support and enhance proper function.

Tips for running effective meetings are included in Attachment H.

Attendance at board meetings is an extremely important board member responsibility. It is important because often a quorum is needed at a board meeting to approve certain policies and make key decisions (the requirements for quorum for each organization should be specifically stated in the organization's bylaws). Although the required number of board members in attendance necessary varies by the size of the organization, each board needs to have the collective wisdom of all of its members in order to make effective and responsible decisions. Additionally, board members are jointly and individually responsible for board decisions, whether they are present at the meeting or not.

Boards should have a formal policy that states attendance requirements along with the consequences for violating these requirements. Attendance expectations can be clearly stated at the beginning of each year in a board commitment pledge. By including a specific policy on board attendance in the organization's bylaws or board policy manual, you provide a mechanism for counseling or removing board members who do not fulfill their attendance expectations.

Board decision making should take place by voting. Keep in mind the following considerations:

- Proxy voting is not allowed (it is considered a breach of fiduciary responsibility);
- Voice voting is appropriate for most matters;
- Voting by ballot is often appropriate; and
- Voting by teleconference is appropriate, if everyone can hear and be heard.

No matter how committed a nonprofit's board members are to the mission of the organization, from time to time, one or more members may find themselves unable to attend a meeting. When

⁶ BoardSource, *Nonprofit Governance Index 2012*.

board members are absent from a board meeting, all sides of an important issue may not be explored. If too many members are absent, the meeting may lack a quorum, which means that board members in attendance cannot take official board actions. Including an attendance list in the minutes helps an organization keep track of board attendance records and identifies members who are consistently absent and/or members who are approaching the threshold for maximum allowable absences.

A sample bylaws clause that provides for removal of a board member for reasons including failure to attend board meetings might read as follows:

Removal: A director may be removed, with or without cause, as determined by a two-thirds vote of the Board present at any meeting at which there is a quorum. In addition, any member of the Board of Directors may be removed for a substantial cause by the majority vote of the Board present at any meeting at which there is a quorum. Substantial cause shall include failure to participate in the activities of the Board of Directors as evidenced by the failure to attend at least three (3) consecutive meetings of the Board of Directors.

Meeting Minutes

Minutes are the business records of the organization. Minutes should be kept of all board meetings, as well as committee meetings where the committee is making decisions on behalf of the board. The Internal Revenue Service (IRS) Form 990 instructions include a question about whether the organization keeps *contemporaneous* documentation of its meetings. The IRS defines contemporaneous as either by the next meeting of the board (or committee) or by sixty days following the meeting, whichever is later. State laws often require a corporation to keep minutes in a written form or any other form which can be converted in a reasonable time into a written form for visual inspection. Decisions of committees should be brought to the full board in regular reports. Minutes are not official until they have been approved by the board (or committee) at the next meeting.

Board minutes keep all members informed of actions taken and those that need to be taken in the future. They should state:

- Who is in attendance;
- Who presided at the meeting;
- When the meeting started and ended; and
- What actions (motions) were taken.

The minutes may, but need not, include materials that would explain (briefly) the "why" of a decision. Minutes should not include a recitation of all discussion that took place or any of the personalities involved. It is appropriate to have the person responsible for board minutes sign the minutes that have been submitted.

Maintaining board minutes stored in a consistent and secure location (paper files and/or electronic records) protects this historical documentation for an organization.

Guidelines for Writing Minutes

- Minutes should record what was *done or decided*, not what was *said*. Major points of the discussion can be recorded to show the board's participation in the discussion.
- Minutes should always include (usually at the beginning)

- Kind of meeting (special, regular, annual)
- Name of group meeting (board, committee)
- Date, beginning time, and location of meeting
- Board or committee members present (and may also include names of those *excused* and those *absent but not excused*)
- Staff members or guests present – this should be listed apart from the board unless a key staff person has a vote on the board. If the latter, that person’s name should be included with the board present.
- Who chaired the meeting
- Whether the minutes from the previous meeting were approved.
- Reports from committees that require no action can be recorded as *received*. The content of the report is not required in the minutes.
- Treasurer’s reports are *heard* and *placed on file*.
- Any *recommendation for action* from committees or individuals must be recorded (unless a recommendation is withdrawn by the proposer prior to the vote). The record should include:
 - The final wording in which the motion was adopted or disposed of.
 - The disposition of the motion: adopted or not approved, tabled, or sent back to committee.
 - Names of the proposers and seconders do not need to be recorded, though they may be.
 - PA Nonprofit Corporation law requires that the names of members dissenting be recorded in the board minutes. Members names abstaining can also be recorded but are not required to be recorded.
- Each subject matter should have a separate paragraph, heading, bullet, etc.
- The order of the minutes does not need to reflect the order of the meeting. Many organizations adopt formats that group together *Reports Received*, *Issues Discussed*, or *Actions Taken*.
- The last paragraph should state the time of adjournment.
- If the secretary took the minutes, she/he should sign them, unless the minutes are approved by the full board. If minutes were transcribed by someone other than the secretary, the transcriber can be listed if the organization wants to give recognition to that person. In that case, the wording would be “transcribed by” and then followed by “submitted by.”
- Minutes should be reviewed by board members prior to the meeting and approved at the next meeting?
- At least one location of the board minutes should be in a fire proof location.

Sample board minutes are provided in Attachment I.

Strategic Meeting Agendas

Many board members take the development of their board’s meeting agenda for granted. It is just a list of the items that ought to be covered at each board meeting. Or, is it?

The Standards for Excellence code encourages all nonprofits to develop their board meeting agendas in a way that is strategically structured to help ensure efficient, effective, and engaging meetings.

Many nonprofits find themselves in the situation where board members spend the majority of their board meetings listening to reports made by the executive director, other staff members of the organization, or, in some instances, board committee chairs. Some organizations find that their board meetings are burdened by too much chitchat or extraneous information.

If board members themselves are not doing at least 80 percent of the talking at each board meeting and if the meetings typically include a lot of staff reports and presentations, the organization may be missing out on a real opportunity. The organization may find that it is leaving a precious resource untapped. That resource is the engagement and contributions of the board members themselves. In his book *Extraordinary Board Leadership*, Doug Eadie suggests that tying up board and staff time with “dog and pony shows” encourages board gatherings to take on more of a ritualistic feel that detracts from the board’s ability to focus on the important governance issues.⁷

The *Standards for Excellence* code places a heavy emphasis on the board’s important responsibility for long term planning for the organization as a whole. Many organizations find that their board meetings become so consumed with information overload, that they have difficulty finding time for genuine dialogue on important issues like long term strategic goals and how the board can add value to the organization. This important dialogue on the long term strategic goals is the most important purpose of your board meetings, rather than hearing reports from staff members and the executive director.

In their book, *Governance as Leadership: Reframing the Work of Nonprofit Boards*, the authors (Chait, Ryan, and Taylor) debunk the commonly held beliefs that if board members better understood their roles they will perform better. The authors found that the issue of board member engagement is deeper than that. It isn’t that most board members don’t understand their roles, it is that many are unsatisfied with their roles.⁸ Board members often do not feel fully engaged nor that their talents are being tapped to their full potential. One remedy is to help create more situations for board members to lend their creativity to the organization through meaningful dialogue at board meetings about the strategic direction of the organization.

The following are some practical tips to energize your board meetings:

1. Lighten the Routine Agenda: In order to make room for more strategic discussions at the board meeting:

- Seek ways to minimize large information downloads and routine reporting
- Utilize a consent agenda for approval of routine items such as minutes, contracts, vetted policies, etc.
- Limit the amount of time for committees reporting out orally (in some cases written reports or committee meeting minutes may be appropriate to provide in the board packet)⁹

⁷Eadie, Doug, *Extraordinary Board Leadership: the Seven Keys to High Impact Governance*, Gaithersburg, MD: Aspen Publishers, 2001.

⁸Chait, Richard, William P. Ryan, and Barbara Taylor, *Governance as Leadership: Reframing the Work of Nonprofit Boards*, John Wiley, 2011.

⁹ In their article, “A Better Board Will Make You Better” in the *Stanford Social Innovation Review* (Spring 2014), Kim Jonker and William F. Meehan III offer that committee work should be kept off the agenda and provided in written report form ahead of time, thus allowing the board to focus on strategy discussions with board meetings that are not a “staff-driven, pre-baked exercise.”

- When compiling the consent agenda, always include contact information for the staff or board member who can best respond to inquiries about each consent agenda item
- If there is an item that would traditionally be part of a consent agenda (such as meeting minutes) and board discussion is anticipated, you will want to pull the item from the consent agenda (either before or during the meeting) so that the item can be discussed and addressed appropriately
- Focus on committees bringing recommendations for action items to the board

2. Reframe Executive Director Reports: The report from the executive director should come to the board in writing, in advance of the meeting. The report should be formatted according to the main strategic goals and evaluation efforts of the organization, with bullet points for what has been accomplished for each goal since the last report. One or two pages (maximum) should be sufficient. This allows the board to monitor progress on the mission and strategic plan on an ongoing basis, and also drives the board to focus regularly on strategic goals as they provide input to the executive director. The report should also include any major staffing changes, grants received or declined, and any other announcements to keep the board informed.

At the board meeting, there should be a "questions only" period about the executive director's report. This helps avoid the tendencies of some board members to wade into operations when they hear operational updates verbally from the executive director. In addition, this also encourages board members to come to meetings more prepared and having read the report(s) ahead of time. More time can be spent at the board meeting on strategic and governance questions, and can keep the board out of the details.

3. One Strategic Goal on Each Board Meeting Agenda: If your organization has four or five main strategic goals, and the board meets six times per year, this provides a great opportunity to have a "deep dive" discussion of each strategic goal at least once per year. Other board meetings can be focused on the audit, executive director evaluation, and other critical board business.

For the discussion of a strategic goal at the board meeting, staff or board committees (such as the fundraising committee or finance committee) may prepare briefings in advance on the organization's progress in the goal area. Then allow for at least 45-60 minutes of pure dialogue among the board members on some or all of the following questions:

- How well are we achieving this strategic goal? What are the metrics we are using or should use to track our performance in this area? From whom are we receiving feedback?
- What is the value added by the board in this area? What more can board members do to advance this goal?
- Are the objectives and activities for this goal still appropriate? Are they aligned with our mission? Do we need to adjust the goal?
- Have we resourced this goal sufficiently? How much do we spend on achieving this goal and what is our plan for next year's budget?
- Do we have up to date policies and procedures related to this goal area?
- Who are our partners? How well are those partnerships working?

4. Arrange Your Board's Entire Agenda Around the Strategic Goals of Your

Organization: An organization's strategic goals may be inter-related and so it may make sense to arrange the entire agenda around the strategic goals. Instead of an agenda that is organized around old business and new business, consider an agenda with major headings associated with the handful of topics and goals of your organization's strategic plan.

Some organizations find that they have problems keeping the discussion focussed on mission-critical topics. Organizations facing this situation may decide that it makes sense to appoint one board member (or more than one) to remind the board to bring the discussion back to the mission, by asking "How will this issue/topic help us do a better job achieving our mission?"

5. Carefully Consider the Scheduling of Board Meetings: You'll want to consider whether moving to a more strategic board meeting agenda may place your organization in a better position to have fewer meetings. Perhaps more efficient meetings will offer your board an incentive to meet less often. The *Standards for Excellence* code expects all organizations to hold meetings at least on a quarterly basis.

Board chairs and executive directors may find it a little unsettling at first to make a dramatic shift in the board meeting format. People may be used to more predictable and routine board meetings. When board members creativity and dialogue gets maximized, you may risk having too many "pop-up" priorities or adding things to the staff to-do list when you are already overwhelmed. That is why having a board-approved strategic plan is so important to make these kinds of engaging and energizing board meetings possible and practical. The board and staff must have an agreed-upon set of priorities to ensure all discussions are focused and don't lead to mission creep (the gradual broadening or shifting of the original objectives of a mission or organization). Utilizing the strategic plan for reporting and board meetings is also a good way to ensure the strategic plan is used as an ongoing guiding force in the organization.

Moving to a more strategic board agenda format may help you find that the organization can be more effective and strategic since the board has become more engaged.

Committees

Board committees are important factors in organizational success as they are the truly deliberative bodies of the board. Committees exist to expand the work of a board and to make the best use of the talent and time of board members and in some instances, staff and leadership volunteers, as well. Committees allow for delegation so that the board as a whole can stay focused on "big" issues. Committees may either be *standing*, which means they exist from year to year (often spelled out in the organization's bylaws) unless formally disbanded, or *ad hoc*, which means they exist for a limited time and purpose. Some states impose committee requirements on nonprofit boards. Check with your state for its requirements.

A few of the traditional purposes of a committee are to:

- Analyze and recommend courses of action (new programs or changes in focus or strategy)
- Deliberate over and recommend solutions to problems
- Monitor implementation and serve as an informal advisory resource to staff

Organizations range widely in their use of committees. A committee can study, advise, and recommend, but generally only the board can decide. The exception, on some but not all boards,

is that the board may delegate limited authority to a committee for decisions. Additionally, a board will generally delegate authority to the executive committee for decisions requiring action between regularly scheduled board meetings. These actions generally require notification and/or ratification at the next scheduled meeting of the full board.

Committee practices vary widely among organizations. Some have no committees, some have a few, and some have dozens. Certain committees meet once a year; others may meet weekly. The same organization may find that it needs different committees and needs to use them differently at various times in its organizational life cycle.

Two important things to remember about committees are:

- They should increase the efficiency and effectiveness of the board, and
- They do not substitute for the board with regard to the making of organizational policy.

In organizations without paid staff, committees may also be expected to help implement programs. Special-purpose committees (for example, a committee appointed to run a special event) may be given implementation authority within guidelines established by the board. The scope of any committee's authority and its reporting and accountability responsibilities should be spelled out in the board's charge to each committee.

Committees of the board may also impact board and staff relationships. In general, the rule of accountability of nonprofit boards maintains that the board as a whole and board members as individuals communicate with staff through the CEO. However, it is perfectly acceptable and, in fact, advantageous for staff to be a part of certain board committees. Conversely, it is perfectly acceptable and sometimes advantageous for board members to be part of certain staff or program committees.

In some states, if the board delegates decision-making authority to a committee, that committee is required to keep minutes for the organization's corporate record. The Internal Revenue Service is also paying special attention to situations where the board delegates responsibility to an executive committee or similar committee to act in place of the board and requests details on the membership of such committees and the scope of the committee's authority. These requests are part of the Form 990. Regardless of the legal requirements, committee minutes provide for better continuity and accountability, by maintaining a record of agenda items and discussions for existing and future committee members.

Some Characteristics of Effective Committees

- They have a clear purpose - everyone knows why they are there.
- They include members with appropriate expertise and seek outside expertise when needed (perhaps by including non-board members, which may include staff and/or volunteers, if permitted by the bylaws).
- They set annual goals, objectives, and timelines for their work.
- They have the supporting resources needed to do their work.
- They use an agenda at each meeting.
- They keep clear minutes including attendance, items discussed, actions taken, and next steps.
- They establish a regular meeting schedule (but only meet when there is real work to be done).

- They report regularly to the board to ensure their work is meeting board expectations and current needs.
- Each member takes responsibility for facilitating the work of the group.

Additional tips for effective committees can be found in Attachment J.

Selected Resources for Board Member Responsibilities

Books and Articles:

- The Nonprofit Answer Book. Practical Guide for Board Members and Chief Executives*, 3rd edition, Washington, DC: BoardSource, 2012.
- Bowen, William G. *The Board Book: An Insider's Guide for Directors and Trustees*, W. W. Norton and Company, 2008.
- Duca, Diane. *Nonprofit Boards: Roles, Responsibilities and Performance*, John Wiley and Sons, Inc., 1996.
- Hughes, Sandra R., Lakey, Berit M., Bobowick, Marla J. "Cultivate." *The Board Building Cycle; Nine Steps to Finding, Recruiting, and Engaging Nonprofit Board Members*. BoardSource, 2000.
- Gifford, Gayle L. *How are We Doing? A 1-Hour Guide to Evaluating Your Performance as a Nonprofit Board*. Medfield, MA: Emerson and Church Publishers, 2005.
- Gottlieb, Hildy. *Board Recruitment and Orientation, A Step-by-Step Common Sense Guide*, 3rd edition. Renaissance Press, 2008.
- Grobman, Gary M. *The Nonprofit Handbook: Everything You Need to Know to Start and Run Your Nonprofit Organization Fourth Edition*. Harrisburg, PA: White Hat Communications, 2005.
- Lakey, Berit. *The Board Building Cycle: Nine Steps to Finding, Recruiting, and Engaging Nonprofit Board Members*, 2nd edition. BoardSource, 2007.
- Masaoka, Jan. *The Best of the Board Café. Hands-on Solutions for Nonprofit Boards*. CompassPoint and Wilder: 2003.
- O'Connell, Brian. *The Role of the Board and Board Members, Making a Difference in Voluntary Organizations*, 3rd edition, The Foundation Center (abridged edition, available at no charge online www.foundationcenter.org), 2003.
- Panas, Jerold. *Asking: A 59 Minute Guide to Everything Board Members, Volunteers, and Staff Must Know to Secure the Gift*, Medfield, MA: Emerson and Church, 2006.
- Panas, Jerold. *The Fundraising Habits of Supremely Successful Boards*, Medfield, MA: Emerson and Church, 2006.
- Robinson, Andy. *Great Boards for Small Groups: A 1-Hour Guide to Governing a Growing Nonprofit*. Medfield, MA: Emerson and Church, 2006.
- Sharken Simon, Judith with J. Terrence Donovan. *The 5 Life Stages of Nonprofit Organizations: Where You Are, Where You're Going, and What to Expect When You Get There*. Minneapolis, MN: Amherst H. Wilder Foundation, 2001.
- Temkin, Terrie. *You and Your Nonprofit Board: Advice and Practical Tips from the Field's Top Practitioners, Researchers, Provocateurs (In the Trenches)*, Charity Channel Press, 2013.

Trower, Cathy. *Govern More, Manage Less: Harnessing the Power of Your Nonprofit Board*, 2nd edition. BoardSource, 2010.

Welcome to the Board, Charitable Advisors, 2008.

Websites:

BoardSource

www.boardsource.org

CompassPoint/The Board Café

<http://www.compasspoint.org/board-caf%C3%A9-home>

Foundation Center

<http://foundationcenter.org/>

Independent Sector- Governance Resources

<http://independentsector.org/accountability>

Internal Revenue Service

<http://www.irs.gov/Charities-&-Non-Profits>

National Council on Nonprofits: Boards and Governance,

<http://www.councilofnonprofits.org/resources/resources-topic/boards-and-governance>

NOLO <http://www.nolo.com/legal-encyclopedia/nonprofits>

Also see NOLO's nonprofit board committee page: <http://www.nolo.com/legal-encyclopedia/nonprofit-board-committees.html>

Pennsylvania Association of Nonprofit Organizations – Form 990 Public Relations Checklist

Attachments:

- Attachment A: Sample Bylaws – from the Standards for Excellence Institute, 1998-2014.
- Attachment B: Sample Board Evaluation – from the Standards for Excellence Institute, 1998-2014.
- Attachment C: Sample Board Evaluation – from the Standards for Excellence Institute, 1998-2014.
- Attachment D: Sample Position Description – from the Standards for Excellence Institute, 2002-2014.
- Attachment E: Sample Board Commitment Form – from the Standards for Excellence Institute, 2002-2014.
- Attachment F: Board Orientation Checklist – from the Standards for Excellence Institute, 2001-2014.
- Attachment G: Board Member Handbook – from the Standards for Excellence Institute Board Room Quick Tips, 2007-2014.
- Attachment H: Ten Tips for Effective Meetings – from the Standards for Excellence Institute, 1998-2014.

- Attachment I: Board Minutes – from the Standards for Excellence Institute Board Room Quick Tips, 2007-2014.
- Attachment J: Board Committees – from the Standards for Excellence Institute Board Room Quick Tips, 2011-2014.
- Attachment K: Opinion Use of Proxy vote for Nonprofit Organizations in Pennsylvania
- Attachment L: Preparing Minutes of Board Meetings Is Usually More Art Than Science, *Nonprofit Issues*, 2004.
- Attachment M: Sample Board Recruitment Process Document

Attachment A Sample Bylaws

These sample bylaws are compliant with IRS regulations and the
Standards for Excellence: An Ethics and Accountability Code for the Nonprofit Sector®

BYLAWS OF SAMPLE ORGANIZATION, INC.

1. **NAME AND PURPOSES:** The name and purposes of the Corporation are set forth in the Articles of Incorporation.
2. **PRINCIPAL OFFICE OF THE CORPORATION:** The principal office of the Corporation shall be a street address designated by the Board of Directors.
3. **MEMBERS OF THE CORPORATION:** The Members of the Board of Directors of the Corporation (hereinafter “Directors”) shall constitute the members of the Corporation.
4. **BOARD OF DIRECTORS:**
 - (a) **Classes:** There shall be only one class of Directors.
 - (b) **Role/Number:** The business and affairs of the Corporation shall be governed by a Board of Directors (hereinafter the “Board”) which shall be composed of no more than (##) persons and no fewer than five (5) persons.
 - (c) **Composition:** The Board shall be composed of persons representing the diversity of the community being served, taking into account race, gender, economic status, age and other factors.
 - (d) **Election/Vacancies:** At each annual meeting of the Board, Directors to serve for the ensuing year shall be elected by the existing Directors. Vacancies occurring between annual meetings may be filled for the balance of the term by election by the remaining Directors.
 - (e) **Term:** Each Director shall hold office for a term of three years. The initial Directors shall be divided into three (3) approximately equal groups, one-third (1/3) of them to serve for an initial term of one (1) year, one-third (1/3) to serve for an initial term of two (2) years, and one-third (1/3) to serve for an initial term of three (3) years. No person shall serve more than two (2) consecutive full terms on the Board. Persons serving an initial term of less than three (3) years may serve for two (2) additional three year terms. After serving the maximum time allowed, a person may again serve after being off the Board for one year.
 - (f) **Removal:** Any Director may be removed from office, with or without the assignment of any cause, by a vote of the majority of the Directors in office at any meeting of the Board convened in compliance with these by-laws, provided that written notice of the intention to consider removal of such Director has been included in the notice of the meeting. No Director shall be removed without having the opportunity to be heard at such meeting, but no formal hearing procedure need be followed.
 - (g) **Resignation:** A Director may resign by submitting a written resignation to the President or to the other Directors, if the resigning Director is the President. Failure to attend three (3) consecutive Board meetings without excuse shall constitute a resignation from the Board.
 - (h) **Employment by the Corporation.** Employees and family members of employees of the Corporation shall not be eligible to serve on the Board of Directors.

5. OFFICERS OF THE BOARD:

(a) Election/Vacancies: The officers shall consist of President, Vice-President, Secretary, and Treasurer and such additional vice presidents or assistant secretaries or assistant treasurers as the Board may from time to time appoint. The officers shall be elected by the Board, from among the Directors, at the first meeting of the Board following the annual meeting of the Corporation. Any vacancy occurring in any office, for whatever reason, shall be filled by the Board and any Director so elected shall fulfill the term of his/her predecessor.

(b) Term: Officers shall serve a term of one (1) year, until their successors are elected. No officer shall serve more than three (3) consecutive terms in the same office.

(c) Removal: An officer may be removed from office, with or without cause, as determined by a majority vote of the Board present at any meeting at which there is a quorum.

(d) Resignation: An officer may resign by submitting a written resignation to the President or Secretary or to the other Directors, if the resigning officer is the President.

(e) Authority and Duties: The Officers shall have the authority and responsibility delegated by the Board as follows:

(1) The President shall preside at and conduct all meetings of the Board and of the Executive Committee. The President may sign all contracts and agreements in the name of the Corporation after they have been approved by the Board, serve as the representative of the Corporation in meetings and discussions with other organizations and agencies, and otherwise perform all of the duties which are ordinarily the function of the office, or which are assigned by the Board.

(2) The Vice-President shall perform the duties of the President if the President is unable to do so or is absent; perform such other tasks as may be assigned by the Board and, at the request of the President, assist in the performance of the duties of the President.

(3) The Secretary shall keep accurate records and minutes of all meetings of the Corporation; make available minutes of the previous meeting and distribute them in advance of each meeting; cause to be delivered all notices of meetings to those persons entitled to vote at such meeting; and maintain the minutes and a current listing, with contact information, of the Directors at the office of the Corporation.

(4) The Treasurer shall ensure there is timely and adequate management of financial resources and reporting to enable the Board to monitor the organization's financial resources. The Treasurer shall advise the Board of any significant financial matters that require action by the Board. If required, the Treasurer shall ensure that the board engages a qualified auditor for an annual examination of the financial statements. The Treasurer shall serve as a member of the Finance Committee and may serve as the chair of the Finance Committee.

(5) Other officers appointed by the Board shall perform such duties as may be specified by the Board or by officers given authority over them.

6. BOARD MEETINGS:

(a) Annual Meeting: The Annual Meeting of the Corporation shall be held at such date and time as is determined by the Board.

(b) Regular Board Meetings: Regular meetings of the Board shall be held at least quarterly and may be scheduled more often by the President.

(c) Special Meetings: Special meetings of the Board shall be held at any time and at any place when called by the President or by at least three (3) Directors or twenty-five percent (25%) of the Directors, whichever is greater. Business transacted at special meetings shall be confined to the purposes of the meeting stated in the notice of the meeting.

(d) Notice of Meetings: Notice of regular Board meetings, including the annual meeting, shall be in writing and delivered at least 10 days and no more than 30 days before the day of the

meeting. Notices of special meetings shall state that it is a special meeting being called and may be given orally or in writing at least 48 hours prior to the meeting time. Written notice of meetings may be delivered by electronic transmission. Failure of notice to any member shall not invalidate the meeting or any action taken at the meeting.

(e) Executive Session: At any meeting of the Board, where a quorum is present, the Board may, by a majority vote, decide to enter an executive session in which only voting Directors may be present. The decision to enter executive session shall be recorded in the minutes, and actions taken may be recorded in the minutes. Executive session minutes may be kept separately and confidentially, and need not include the discussion, only actions taken.

(f) Quorum: At meetings of the Board, a quorum shall consist of a simple majority or fifty percent (50%) plus one (1) of the Directors then serving, present in person.

(g) Voting: Except as otherwise provided in these bylaws, decisions of the Board shall be by vote of a majority (fifty percent (50%) plus one (1)) of those present assuming a quorum, but not less than one-third (1/3) of the Directors then serving. Each Director shall have one vote. Directors may vote only in person. There shall be no proxy voting.

(h) Telephone and Electronic Participation: Directors may participate in Board meetings and vote on matters discussed therein, by means of a conference telephone or similar communications equipment by means of which all persons participating in such meeting can hear each other at the same time. Participation by such means shall constitute in person presence of the Director at the meeting.

7. COMMITTEES: The Board may create such committees with such powers as it deems wise to have. However, the Board may not delegate to committees the following powers:

the power to amend the bylaws; the power to hire or fire chief executives; the power to amend articles of incorporation; the power to approve dissolution, merger, or transfer of assets of the corporation; and the power to take any action that requires approval of the Board by law.

Committee minutes must reflect any action taken by the committee on behalf of the Board, must be shared with the Board, and must become part of the corporate record. The President may appoint persons to chair and serve on those committees, and may appoint persons who are not Directors of the Corporation to those committees. All such appointments must be approved by the Board either prior to the appointment or be ratified at the next Board meeting.

There shall be the following committees:

(a) Executive Committee. The Executive Committee shall consist of the President, Vice-President, Secretary and Treasurer. The Executive Committee shall develop recommendations with respect to various matters pertaining to the affairs of the Corporation and shall report such recommendations to the Board for action. In instances where special circumstances require expeditious action between meetings of the Board, the Executive Committee shall have the power to take the necessary actions, subject to any prior limitation imposed by the Board. The minutes of the Executive Committee shall include a summary of the circumstances requiring any expeditious action taken by the Executive Committee and the minutes shall be submitted to the Board.

(b) Board Development Committee. The Board Development Committee shall be appointed by the President and approved by the Board. The Board Development Committee shall consist of at least two (2) Directors, one of whom shall serve as Chairperson of the committee. The Board Development Committee shall be responsible for nominating persons to serve as Directors. No person shall serve on the Board Development Committee for more than three (3) consecutive years.

(c) Finance Committee. The Finance Committee shall be responsible for oversight of the financial operations of the Corporation. While serving on the Finance Committee, a member of

the Committee shall not: accept any consulting fee, advisory fee, or other compensation or benefits from the Corporation; or have participated in any other transactions with the Corporation in which he or she has a financial interest within the previous year. The Committee shall be responsible for the following actions:

i. Review, discuss and recommend changes to the proposed annual Corporation budget and submit for approval to the Board of Directors;

ii. Review, discuss and present the financial statements to the Board of the Corporation for approval, at least quarterly;

iii. Oversee the agency audit if required, including appointing the auditor and receiving the auditor's report directly. The Committee shall recommend and review policy and procedures for: (a) the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting, auditing or other financial matters. A separate committee or a subcommittee of the Finance Committee may be appointed to oversee the audit.

iv. Periodically, review and discuss the quality, quantity, substance and dissemination of financial information provided to the Board of Directors and the Committee, recommending improvements as necessary; and

v. Monitor the investments of the Corporation and develop and recommend to the Board changes to the Corporation's investment and endowment policies as appropriate.

(c) Standing Committees. The President may establish such standing committees as the President determines are appropriate for the conduct of the business of the corporation. Each committee shall include at least two (2) Directors and may include persons who are not Directors. Members of the Standing Committees shall be appointed by the President.

(d) Special Committees. The President of the Corporation or the Board may establish such special committees as they shall determine are necessary for the functioning of the Corporation. Each such committee shall be given a specific charge and term. No special committee shall have a term extending beyond one (1) year unless reappointed. The members of special committees established by the Board shall be named by the Board. The members of special committees established by the President shall be named by the President.

8. APPOINTED OFFICERS AND STAFF:

(a) The Board may appoint a chief executive officer, with a title appropriate to the functions of the officer. Other staff shall be appointed by the chief executive officer.

(b) The Board may delegate duties and customary authority to the chief executive officer and staff of the Corporation. The duties and authority delegated shall be memorialized in written job descriptions.

(c) The chief executive officer shall be subject to hire and termination by the Board. Other appointed staff shall be subject to hire and termination by the chief executive officer.

(d) Except when the Board is meeting in executive session, the chief executive officer shall attend and participate in meetings of the Board and of committees as staff to the Board and the committees but shall not be entitled to a vote.

9. **CONFLICT OF INTEREST:** The board shall adopt a conflict of interest policy that covers board members, staff members, and volunteers with significant decision making authority with respect to the resources of the organization. The conflict of interest policy should identify the types of conduct or transactions that raise conflict of interest concerns, set forth procedures for disclosure of actual or potential conflicts, and should provide for review of individual transactions by the uninvolved Directors. Approval by the disinterested Directors shall be by vote of a majority of Directors in attendance at a meeting at which a quorum is present. An interested party shall not be counted for purposes of determining whether a quorum is present, nor for purposes of determining what constitutes a majority vote of Directors in attendance. The policy should also require that the minutes of the meeting shall reflect that the conflict disclosure was made, the vote taken and, where applicable, the abstention from voting and participation by the interested party.

10. **INDEMNIFICATION:** The Corporation shall indemnify its directors and officers to the fullest extent permitted by Maryland and federal law including the payment of related legal expenses.

11. **EXONERATION:** To the fullest extent permitted by INSERT STATE or federal law, no director or officer of this Corporation shall be personally liable to the Corporation or its members for money damages. Board members shall not be automatically exonerated in the case of intentional misconduct. No amendment of the Articles of Incorporation or repeal of any of its provisions shall limit or eliminate the benefits provided to directors and officers under this provision with respect to any act or omission which occurred prior to such amendment or repeal.

12. **INSURANCE:** The Board shall evaluate the organization's needs for insurance coverage as appropriate for its activities including but not limited to general liability insurance, and directors and officers liability insurance.

13. **COMPENSATION:** The Directors of the Corporation shall serve without compensation. Directors may be reimbursed for expenses reasonably incurred on behalf of the corporation. Nothing in this paragraph is intended to preclude a Director from receiving compensation for his/her service to the Corporation in some other capacity, provided the transaction is consistent with the organization's conflict of interest policy.

14. **CORPORATE RECORDS:** The Corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of the Board of Directors, and all committees, and shall keep at the principal office of the Corporation a record of the names and addresses of the Directors as well as its articles of incorporation, current bylaws, and board approved policies. The corporation shall make available to the public its application to the IRS for tax exempt status, its IRS determination letter, and its most recently filed IRS form 990. All books and records of the Corporation may be inspected by any Director within three (3) business days of written request.

15. **SIGNATURE AUTHORITY:** All checks, notes, acceptances, and orders for payment of money shall be signed by any individual(s) authorized by the Board as described in the organization's financial policies. All contracts, leases and deeds of any kind shall be signed by the President, Vice President or any other agent of the Corporation designated by the Board.

16. FISCAL YEAR: The fiscal year of the Corporation shall be from January 1st to December 31st.

17. ACTION WITHOUT MEETING: Any action which may be properly taken by the Board assembled in a meeting may also be taken without a meeting, if unanimous consent in writing setting forth the action taken is signed by all of the Directors entitled to vote with respect to the action. Such consent shall have the same force and effect as a vote of the Directors assembled and shall be filed with the minutes.

18. AMENDMENTS: These bylaws may be amended by a simple majority vote of the Directors present and entitled to vote at a meeting at which a quorum is present. Any proposed amendment(s) must be submitted to the Directors in writing with written notice of the meeting to decide on the proposed amendment(s) at least ten (10) days prior to the meeting date.

19. NON-DISCRIMINATION: The Corporation shall not discriminate against any person on the basis of age, sex, race, color, national origin, ethnicity, sexual orientation, gender identity, disability, or political or religious opinion or affiliation in any of its policies, procedures or practices.

20. DISSOLUTION: The Corporation may be dissolved by a two-thirds (2/3) vote of the Directors then serving provided that notice of the proposed dissolution has been submitted to the Directors in writing with written notice of the meeting date to decide on the proposed dissolution at least thirty (30) days prior to the meeting date. In the event of dissolution, the Board shall dispose of all of the net assets of the Corporation exclusively to such organization(s) which are organized and operated exclusively for charitable or educational purposes as shall at the time qualify as an exempt organization under section 501(c)(3) of the Internal Revenue Code. Any remaining assets not disposed of by the Board shall be disposed of by the Court in the jurisdiction in which the principal office of the Corporation is then located, exclusively for such purposes or to such organizations.

Adopted by the Board this ____ day of _____ 20xx

President

Dated

I, the undersigned, being Secretary of the Corporation, hereby certify that the above is a true, complete and accurate copy of the Bylaws adopted by the Board.

Secretary

Dated

Attachment B
Sample Board of Directors
Annual Review of Performance
Standards for Excellence Institute¹⁰

[INSERT NONPROFIT'S NAME] Board of Directors is committed to the highest standards of nonprofit organization governance. Consistent with that commitment, the Board engages in an annual process of reflection and evaluation. The Board has adopted a two-part self-evaluation process. The first part of the evaluation effort involves consideration of how the Board, as a whole, is functioning. The second part of the evaluation involves a review of the performance of individual board members.

The attached two instruments are used for purposes of the annual review process.

The completed evaluation surveys are reviewed by both the Executive Committee and the Nominating Committee. The Executive Committee is responsible for reporting to the full Board the results of the Annual Review of Performance, including any recommendations for changes that should be made as a result of the review. The Nominating Committee is responsible for factoring the results of the Annual Review of Performance into the process of evaluating board members who are up for reelection, as well as the process for establishing priorities for the selection of new board members.

¹⁰ Standards for Excellence Institute, 1998-2014, Permission granted for use by members of the Institute.

INSERT NAME OF NONPROFIT Annual Review of Performance

Board of Directors

Part 1 - Performance of the Board as a Group

Your Name:

From your perspective, give the INSERT NAME OF NONPROFIT’s board a grade for how well you believe that it carries out each of the following roles and responsibilities.

Grade on a scale from 1 to 3, with 1 for unsatisfactory/needs improvement; 2 for satisfactory; and 3 for excellent. Comments are also invited.

To be completed by each member of the Board of Directors:

Board Role, Responsibility or Function	Rating	Comments
1. The board respects and upholds the organization’s mission.		
2. The board has revisited the organization’s mission with an appropriate frequency and level of attention.		
3. The board has clearly defined goals and objectives relating to pursuit of the organization’s mission.		
4. The board is evaluating whether the organization is making progress toward achieving its mission with an appropriate frequency and level of attention.		
5. The board appropriately manages its own operation and functioning.		
6. The board develops and follows a clearly defined work plan.		
7. Board committees develop and follow a clearly defined work plan.		
8. The board provides its members with sufficient education, training and leadership development.		
9. Board committees are properly executing delegated authority, including reporting their activities to the full board		
10. The board nomination process is functioning appropriately.		
11. The expectations for board members are well defined and have been adequately communicated to new board members.		

Board Role, Responsibility or Function	Rating	Comments
1. The board is meeting with sufficient frequency and duration to adequately conduct the affairs of the organization.		
2. The issues and matters which are presented for board review and decision making are appropriate work for the board.		
3. Board committees are meeting with sufficient frequency and duration to adequately conduct the affairs of the committee.		
4. The board has the opportunity to discuss matters of critical importance before decisions are made.		
5. The board is provided with adequate information and resources for effective decision making.		
6. The board is adequately enforcing the stated policies on attendance and participation in board meetings.		
7. Minutes of board meetings are created and distributed on a timely basis.		
8. Minutes of committee meetings (where required) are created and distributed on a timely basis.		
9. The board has created policies, or made any necessary revisions or changes to policies, as are legally required or necessary for the effective governance and management of the organization.		
10. The board is exercising appropriate fiscal oversight, including approving the annual budget and monitoring financial performance during the year and reviewing the organization's Form 990.		
11. The board is appropriately overseeing the performance of the executive director, including by conducting an annual review.		
12. The board is reviewing the overall salary structure of the organization with an appropriate frequency and level of detail.		

**INSERT NAME OF NONPROFIT
Board of Directors**

**Annual Review of Performance
Part 2 - Performance of Individual Board Member**

Your Name:

Please indicate below how well you believe you are discharging the following roles and responsibilities as a board member. Grade on a scale from 1 to 3, with 1 for unsatisfactory/needs improvement; 2 for satisfactory; and 3 for excellent. Include comments as you desire.

Board member role, responsibility or function	Rating	Comments
1. How would you rate your knowledgeable about the mission, goals and programs of the organization?		
2. How would you rate your support and promotion of the mission and goals of the organization?		
3. Are you familiar with NONPROFIT's Strategic Plan? If yes, are you familiar with what progress has been made in implementing the plan?	YES/NO YES/NO	
4. How would you rate your understanding with the progress NONPROFIT has made over the past year toward achieving its mission?		
5. How would you rate your regular board meetings attendance?		
6. How would you rate your active participation in board discussions and deliberations?		
7. How would you rate your service and participation on committees (i.e., Do you serve on and participate in the activities of at least one committee?		
8. During the past year, how would you rate your contributions in recruiting new association members?		
9. How would you rate your contributions in the areas of identifying and referring potential board nominees to the Nominating Committee?		

Board member role, responsibility or function	Rating	Comments
10. How would you rate your contributions in the area of promoting the association in professional or personal interaction with other nonprofit, business and government leaders?		
11. Did you attend the annual meeting or other association events (other than board or committee meetings)?		
12. How well do you understand what is expected of you as a board member?		
13. Did you participate in the annual review of the Executive Director and are you aware of any actions that were taken regarding the Executive Director's compensation package (including salary & benefits)?		
14. How would you rate your knowledge about the organization's financial status, including the results of the most recent audit and the year-to-date performance under the current budget?		
15. How would you rate your understanding of your legal and fiduciary responsibilities as a board member, including the duties of loyalty and trust?		
16. Do you have any concerns about conflict between your responsibilities as a INSERT NAME OF NONPROFIT's board member and responsibilities you have toward your employer or other nonprofit organizations?		
17. How would you rate your regular reading of materials which are distributed at board or committee meetings?		
18. How would you rate your regular reading of the INSERT NAMES OF PUBLICATIONS REGULARLY RELEASED BY THE NONPROFIT or other materials distributed by the organization?		
19. Have you found your participation on the Board to be stimulating and rewarding?		
20. Do you believe you are appropriately and meaningfully involved in the affairs of INSERT NAME OF NONPROFIT?		

What is the most significant contribution that you have made to the success of INSERT NAME OF NONPROFIT during the past year?

Attachment C

Board Self-Assessment¹¹

Please indicate whether you agree with the following statements about the performance of your organization's Board of Directors.

- 1 Strongly Disagree
- 2 Disagree
- 3 Neutral or unsure
- 4 Agree
- 5 Strongly Agree

Board Functions

The Board ...

Reviews its mission and vision regularly	1	2	3	4	5
Has a vision for the future of the organization and the impact it should have in the community.	1	2	3	4	5
Provides a significant source of leadership for the organization.	1	2	3	4	5
Engages in long range/strategic planning to guide the future direction of the organization.	1	2	3	4	5
Focuses its energy primarily on issues of strategic, long-term importance to the organization.	1	2	3	4	5
Effectively monitors the organization's progress in achieving its mission and key program priorities	1	2	3	4	5
Understands the resources (financial and otherwise) needed to carry out the organization's mission / programs	1	2	3	4	5
Engages in planning to guide the development of resources needed to support the organization's mission	1	2	3	4	5
Actively participates in resource development (i.e. fundraising)	1	2	3	4	5
Maintains awareness of the financial status of the organization and has reviewed the organization's Form 990 prior to filing	1	2	3	4	5
Enacts policies needed to support organizational operations (Board and Staff) and mitigate risk	1	2	3	4	5
Supervises & Supports Executive Director / CEO	1	2	3	4	5
Assess board operations and performance	1	2	3	4	5
Understands the difference between governing and managing (e.g. clearly distinguishes between board-level and staff-level	1	2	3	4	5

¹¹ (c) 2007-2014 Standards for Excellence Institute. Permission granted for use by members of the Institute.

responsibilities)

- 1 Strongly Disagree
- 2 Disagree
- 3 Neutral or unsure
- 4 Agree
- 5 Strongly Agree

Board Operations

Board meetings start and end on time	1	2	3	4	5
Board minutes fairly and accurately represent actual board meetings	1	2	3	4	5
There are clearly understood procedures for raising, discussing, and voting on issues	1	2	3	4	5
Member expertise is effectively tapped to support organizational governance	1	2	3	4	5
Members are adequately prepared to address meeting agenda items	1	2	3	4	5

Board Composition

Board size is appropriate to meet board's needs	1	2	3	4	5
Board committees have clear charters based on the Board's needs	1	2	3	4	5
Board and committee chairs are the right leaders for their positions	1	2	3	4	5
Board composition is representative and appropriate to the organization and its mission	1	2	3	4	5
Board has an effective process for identifying, cultivating and integrating new members	1	2	3	4	5
Board has an effective process for identifying, cultivating and integrating leaders to fill officer positions	1	2	3	4	5
Board work is meaningful, fun, and challenging and connects Board members to the mission of the organization	1	2	3	4	5

Individual Board Member Personal Assessment

Please indicate whether you agree with the following statements about your individual performance as a board member of [Name of Nonprofit].

- 1 Strongly Disagree
- 2 Disagree
- 3 Neutral or unsure
- 4 Agree
- 5 Strongly Agree

I am knowledgeable about the mission, goals and programs of the organization.	1	2	3	4	5
I identify and refer potential board nominees to the Board Development/Nominating Committee.	1	2	3	4	5
I promote the organization in the course of professional or personal interactions.	1	2	3	4	5
I participate in, or provide input into, the annual review of the Executive Director.	1	2	3	4	5
I provide feedback to staff and Board to improve [name of organization].	1	2	3	4	5
I regularly attend board meetings.	1	2	3	4	5
I actively support and promote the mission and goals of the organization.	1	2	3	4	5
I understand the organization's financial status, including the results of the most recent audit, most recent Form 990 filing, and the year-to-date performance under the current budget.	1	2	3	4	5
I understand what is expected of me as a board member.	1	2	3	4	5
I serve on and participate in the activities of at least one committee.	1	2	3	4	5
I am aware of the current terms of the Executive Director's compensation package, including salary and benefits.	1	2	3	4	5
I actively participate in board discussions and deliberations.	1	2	3	4	5
I understand what progress improve [name of organization] has made over the past year toward achieving its mission.	1	2	3	4	5
I actively participate in fundraising for improve [name of organization].	1	2	3	4	5

Attachment D

Sample Position Description

Member: Board of Directors

The board of directors of [name of organization] is legally and ethically responsible for all activities of the agency.

Responsibilities of the Board of Directors

- Determining how the organization carries out its mission through long and short range planning and review.
- Adopting an annual budget and providing fiscal oversight.
- Recruiting, orienting and developing board members.
- Hiring, supporting and evaluating the performance of the executive director.
- Evaluating its performance and the overall performance of the organization in achieving its mission.
- Establishing policies for the effective management of the organization.

Responsibilities of Individual Directors

- Understanding and promoting the organization's mission.
- Being familiar with the organization's programs and operations.
- Being a working member of at least one board committee.
- Participating in resource development and fundraising.
- Making an annual gift to the organization commensurate with ones ability.
- Assisting in membership development.
- Advocating on behalf of the organization.
- Helping to educate the community
- Reviewing board meeting materials before the meeting.
- Reviewing the organizations Form 990 before its submission to the Internal Revenue Service
- Identifying any potential conflicts of interest.

Time Demands (approximate)

- Attend and actively participate in at least 75% of board meetings.
- 10 monthly board meetings – 2 hrs: 3rd (day) of every month except (month). 5 – 7 p.m.
- Committee work – 1-3 hrs. per month, or as decided by the committee.
- Annual planning retreat – 1 day, usually a Saturday in (month).
- Annual meeting – 1 evening annually
- Attendance at events (time varies). Attendance at two events per year recommended.
- Participate in ½ day orientation for new board members.

Financial and Resource Development Expectations

- Annual gift to organization (100% board giving is expected). Directors are asked to consider a gift that is “significant according to their circumstances.” A _____ gift is suggested as a minimum goal.
- Sell tickets to organization fundraising events.
- Recruit sponsors if possible.
- Identify and assist in cultivation of potential donors.

The Governance Committee (or Board Development Committee) is responsible for ensuring that expectations are met.

Source: ©Standards for Excellence Institute, 2002-2014

Attachment E
Sample Board Commitment Form

[INSERT NAME OF ORGANIZATION]

MISSION: [INSERT ORGANIZATION'S MISSION]

ANNUAL BOARD RESPONSIBILITIES/COMMITMENT FORM

Board Member's Name: _____
(fill in your name)

I understand my responsibilities as a Board Member are to:

1. Serve as an active advocate for the organization.
2. Make a personal contribution to the annual giving campaign (there are no determined amounts as each person contributes according to their individual ability).
3. Assist in fundraising activities.
4. Attend all Board meetings – generally six a year.
5. Participate on a Board committee(s) – generally six meetings a year.
6. Provide professional counsel and guidance.
7. Provide, as needed, volunteer support (example, repackaging food drives).
8. Review the annual budget, major expenditures, Form 990, and investment of funds.
9. Assist that organization in planning its budget; I will be able to consider at least one of the following activities as checked:

_____ My company will make an Annual Giving contribution
_____ I will assist in building the Annual Giving donor file by submitting the names of potential new donors.

_____ I will participate in fundraising events and help to sell tickets for such events.

I feel my skills can be best utilized by working with the following committees or interest areas:

COMMITTEES (please check those of interest)

- | | |
|--------------------------------------|------------------------------------|
| _____ EXECUTIVE COMMITTEE | _____ PERSONNEL COMMITTEE |
| _____ CORPORATE CAMPAIGN COMMITTEE | _____ FINANCE COMMITTEE |
| _____ AGENCY RELATIONS COMMITTEE | _____ NOMINATING COMMITTEE |
| _____ RESOURCE DEVELOPMENT COMMITTEE | _____ BUILDING & GROUNDS COMMITTEE |

AREAS OF INTEREST (please check areas of interest)

- | | |
|------------------|----------------------------|
| _____ BYLAWS | _____ STRATEGIC PLAN |
| _____ TECHNOLOGY | _____ TRANSPORTATION/DONOR |
| _____ BENEFITS | _____ COMPENSATION |
| _____ INSURANCE | |

I accept the above commitment as an understanding of my role and responsibilities as a member of the Board of Directors.

Signature of Board Member

Date

Attachment F

Sample Board Member Orientation Checklist

Please initial and date each item as it is reviewed.

Name: _____

Date: _____

	Date	Initials
Who We Serve	_____	_____
Review Mission	_____	_____
Annual Report	_____	_____
What We Do	_____	_____
Program Description(s)	_____	_____
Program Evaluation	_____	_____
Current Strategic Plan	_____	_____
Goals for the Year	_____	_____
Tours		
Office Tour	_____	_____
Tour Other Facilities	_____	_____
Parking	_____	_____
Board Member Responsibilities		
Position Description/Expectations for Board Members	_____	_____
Attendance	_____	_____
Attendance by Conference Call	_____	_____
Online Meetings	_____	_____
Relationship/Interaction with Executive Director/Staff	_____	_____
Expectations for Fundraising	_____	_____
Review of Other Key Documents:		
Bylaws	_____	_____
Board Policies	_____	_____
Copies of previous year's board minutes	_____	_____
<i>Standards for Excellence®: An Ethics and Accountability</i>	_____	_____
<i>Code for the Nonprofit Sector</i>	_____	_____
Review of how to read financial statements	_____	_____
Current Budget and interim financial reports	_____	_____
Leadership of Organization		
Board member contact sheet	_____	_____
List of officers	_____	_____
List of committees (including memberships and leadership)	_____	_____
Introductions		
Chairperson	_____	_____
Committee Chairs	_____	_____
Other Board Members	_____	_____
Key Staff	_____	_____
Key Volunteers and Stakeholders	_____	_____
Meeting Dates for the year	_____	_____

Source: ©Standards for Excellence Institute, 2001-2007

Attachment G
Board Member Handbook, Model Table of Contents,
And List of Related Appendices



Board Room Quick Tip
A Series for Board Leadership

Board Member Handbook

An important component of your Board Orientation Program

You can shorten the journey from apprehensive newcomer to productive Board participant by providing new Board members with materials that explain the organization's mission, history, and culture.

A Board Member Handbook can be created easily by compiling documents your organization already has on the shelf. Use the list on the back of this page as a guide to creating or updating your organization's Board Member Handbook.

There is only one rule you need to follow: include in the handbook all the information you wish you had been given when you joined the Board.

Sample Board Member Handbook

Table of Contents

1. Mission/Vision Statement
2. Letter of Welcome from the Board President
3. Nonprofit Sector Overview and how your organization fits in
4. Introduction/History of the Organization
5. Summary of Programs and/or Services
 - a. Pull-out fact card
6. Organizational Chart(s)
7. Staff List with titles and short explanation of role if not self explanatory
8. Board and Committee Job Descriptions/Expectations
9. Annual Calendar of Board Meetings and Special Events
10. Perpetual Calendar of board activities
11. Budget/most recent financial statements
12. Strategic Plan
13. Conflict of Interest Statement and Annual Disclosure
14. Directors & Officers (D&O) policy
15. Board Self Assessment Instrument

Appendices

- Board Member Roster With Affiliations and Bios
- Best Practices - Standards of Excellence: An Ethics and Accountability Code for the Nonprofit Sector.
- Annual Report
- Minutes from the Last Four Board Meetings
- How to Find Most Recent 990
- Audit Report
- Summary of Parliamentary Procedures/Roberts Rule's of Order (if used)
- IRS Determination Letter
- Articles of Incorporation or Articles of Association or Charter
- Bylaws and Amendments
- Resume and Job Description for Executive Director
- Executive Director's Contract
- Organizational Policies
- List of Major Donors
- Summary of Board of Directors Liability Insurance
- Glossary of Terms

Source: ©Standards for Excellence Institute, Board Room Quick Tip, 1998-2014

Attachment H

Ten Tips for Effective Meetings

1. Have an agenda. Plan it carefully. Send it out in advance.
Indicate the following on the agenda:
 - Set approximate time limits for each item
 - Indicate for each item whether the purpose is *decision*, *discussion*, or *information*.
 - Eliminate routine reports that could be handled in writing.
 - Keep the focus on important issues.
2. Begin on time.
3. Review the agenda at the beginning of the meeting. Modify it if necessary, but then stick to it.
4. Set the tone for purposeful, open discussion. If possible, seat the group in a circle or open "U" shape. Use nametags or "name tents" large enough to be seen by all members. Take time for introductions if there are new people. Establish group norms and expectations for participation -- review these periodically, especially when new people join the group.
5. Reinforce participation by asking questions to encourage diverse perspectives, and by actively listening. Don't expect decisions on complex issues without thorough discussion, no matter how well-presented the recommendation. Do keep the group on task and push for a decision when one is needed. Set firm deadlines!
6. End each meeting with a brief review of key decisions made, clarifying who, what and when for items requiring follow-up.
7. Evaluate the meeting. Ask for and offer feedback on the process and content.
8. End the meeting crisply, positively, and on time.
9. Write up minutes and distribute promptly. Follow up on action items.
10. When complex issues will be under discussion, have a flip chart available to record key facts, discussion items, questions, etc.

Source: Standards for Excellence Institute, 1998-2007.

Attachment I
Sample Meeting Minutes



Board Room Quick
Tip
**A Series for Board
Leadership**

Are your board and committee minutes a help or a hindrance to your board?

Let's face it, very few people relish the thought of taking, preparing, distributing, and/or reviewing meeting minutes. However, if done appropriately for your organization's needs, meeting minutes can be a USEFUL tool in keeping your board focused and on task.

Minutes are:

- The official corporate record that must be maintained permanently.

Minutes are not:

- A verbatim transcript of what transpires at the meeting.
- Always in the exact order as the business of the meeting.

The attached minutes outline contains components you can use to increase the usefulness of your minutes. Keep in mind there are no "laws" on the type of format you use. However, you should check your bylaws to see if your organization has opted to follow a particular meeting protocol such as Robert's Rules of Order.

Sample Meeting Minutes
Name of your organization
Date and time of meeting
Location of meeting

Members Present:

Members Absent: (some groups track annual board meeting attendance on minutes)

Staff Present:

Guests:

Meeting was chaired by:

Meeting agenda

You can either include the agenda in the text or attach a copy. The agenda can serve as a quick table of contents when looking for something at a later date.

Approval of consent agenda

The consent agenda can include those items received and reviewed by board members in advance of the meeting that do not require any substantive discussion or action.

These items can include the minutes of the last meeting, committee and staff informational reports, etc. A copy of reports should be placed on file with the minutes and do not need to be included in the text of the minutes.

Motions and board actions

Check your bylaws and see if you have opted to follow a particular meeting protocol. In keeping with parliamentary procedure, you should note the final wording of any motions and the final disposition: adopted, failed, tabled. You should note any abstentions and/or dissents, if requested to do so. No matter what protocol you follow the minutes should clearly note any board actions or decisions.

Reports

If any reports are presented at the meeting, minutes should include highlights of the report being presented, as well as key points in the review and discussion.

Issues discussed (can be arranged as new and old business)

This section should have a separate paragraph for each topic with the topic either in bold or underlined for easy reference later. The minutes should record the major points brought up in discussion. The personalities involved in the discussion do not need to be noted if the board is comfortable with recording minutes in that manner. You should also note if there was a disclosed conflict of interest which led to a board member recusing him or herself from a discussion and/or vote.

Executive session

If you have an executive session it is appropriate to note that it occurred and that staff and guests were asked to leave. You could include the topic such as “executive evaluation” or “lawsuit discussion,” but include limited detail. Any decisions made in executive session should be noted in the board executive session minutes.

Follow-up

Many boards have adopted a format that re-states items to be followed up before the next meeting. This makes it easier for board members to find their assignments when the minutes arrive for their review.

Minutes as a tool

Distribute the minutes of the meeting as soon after the meeting as practical. This allows board members to use them as a tool to remember what they said they would do, while there is still time to do it. Minutes that arrive just prior to or at the next meeting are not generally helpful. Minutes should always include who prepared/submitted them.

**Attachment J
Board Committees**



Board Room Quick Tip
A Series for Board Leadership

Board Committees

Are your board meetings going on and on and on because of the number of substantive issues that need to be covered?

Does the membership of your board sometimes lack the specialized skills or experience necessary to adequately address certain issues?

Do your board members feel they are stretched too thin, trying to handle everything themselves?

Are you having trouble meaningfully engaging ALL of your board members?

If you answered yes to any of these questions, a new or renewed committee structure could help. On the reverse side you will find a few “rules” to consider when looking into whether appropriate use of committees could help streamline your board operations.

Committee: A group of people officially delegated to perform a function, such as investigating, considering, reporting or acting on a matter.

The American Heritage Dictionary of the English language

Board Committees

“Rules” for good committees

1. Refer to your by-laws to ensure you are forming committees in accordance with the rules you have set for yourself. If the process laid out in your by-laws does not serve the organization well, change them.
2. If it has a name it needs a written “charge” or description, which outlines the parameters of the work to be done and the timing.
3. Committees recommend, the board decides. Unless expressly told differently by the board, committees are not empowered to make decisions or enter into agreements with outside parties.
4. All board committees should be chaired by a board member. This is necessary to ensure that the work of all board committees is coordinated and that all committees have the benefit of the most up-to-date information on organizational goals and priorities.
5. Board committee membership does not need to be limited to board members. Depending on the issues addressed by the committee, it is often appropriate to open membership to “outsiders.” This is a great way to expand the board’s expertise and also helps in the cultivation of future board members.
6. Do not form a standing committee when the issue or need is not on-going. Ad hoc committees, task forces or work groups which are formed in response to a need and disband once the need has been addressed are a lot easier to recruit for, and do not tie up organizational resources by meeting “because they are supposed to.”
7. The time for substantive questions and debate on a topic or issue is in the committee meeting. Board meetings should be a time for committee chairs to report key points of discussion, update progress and, if appropriate, make recommendations. Do not let a well-meaning board member force the entire board to revisit every aspect of the committee’s deliberations unless there is a clear need to do so.
8. Use your committees as mechanisms for keeping board members engaged between board meetings. If your board meets quarterly, committees can be an effective way to keep the momentum high throughout the year.
9. Exercise good meeting practices. Always have an agenda, expect consistent attendance, and keep minutes. Committees do not need to be as formal as your board meetings might be, but if you want people to keep coming back, meetings need to be efficient and effective.

MLW 12/5/11 sfx edit 3-31-14

Attachment K

Opinion Use of Proxy vote for Nonprofit Organizations in Pennsylvania

This document outlines the source of the Pennsylvania Association of Nonprofit Organization's (PANO) information concerning the use of proxy for Board member voting.

PANO has taken the opinion of Donald Kramer, Esq. an attorney with the Philadelphia law firm of Montgomery, McCracken, Walker, and Rhoads, LLP and PANO Board member. Mr. Kramer is well respected nationally as a source of "best practice" information on nonprofit law. He is the editor of Nonprofit Issues, a nationally distributed publication on legal issues involving nonprofit organizations, has taught nonprofit law courses at several universities and colleges and is called upon to present at many local, statewide and national conferences.

In an article published in the May 1–16, 2004 issue of Nonprofit Issues, Mr. Kramer provided a response to the question: "Can the directors of our nonprofit corporation vote by proxy?" The response is as follows:

"In all probability, no. Unless your state nonprofit corporation law provides specific statutory authority for proxy voting by directors (and only a few provide some limited authority to do so), the general rule is that directors may not vote by proxy. Directors have a fiduciary duty to the organization and may not delegate the exercise of their fiduciary discretion to others.

Although most states provide that Members of a nonprofit (who have powers roughly analogous to shareholders of a business) may vote by proxy (sometimes only if permitted in the bylaws), the power is not generally conferred on directors. Some commentators have suggested that directors could vote by proxy in limited circumstances, such as voting in an election of officers of the corporation, but we have found no case which upholds even that limited power without specific statutory authority."

In a specific discussion with Mr. Kramer regarding this issue, Mr. Kramer assured PANO that the "general rule" is also the rule in PA. Mr. Kramer acknowledged that he is not the final authority and recommended that an organization using proxy voting obtain a legal opinion from their own attorney to assure that the organization has thoroughly reviewed the practice and is not at risk.

Previous discussions have been held with three other attorneys who serve on PANO's Board, Michael Cherewka, Esq. of Harrisburg, Jack Owen, Esq. of Pittsburgh and Janice Anderson, Esq. (formerly with the PA Attorney General's office, Charitable Trust Division). These individuals also specialize in nonprofit services. They are in concurrence with the opinion held by Mr. Kramer.

PANO understands that, at present, there is no specific wording in Pennsylvania nonprofit law that states clearly that proxy is not permissible. At the same time, while the Nonprofit Corporation Law specifically authorizes use of proxies by Members of a nonprofit corporation, it does not include such authorization for use by directors. Several legal sources have confirmed for PANO that there is no published judicial opinion in Pennsylvania which approves the use of proxies by directors. There is at least one recent case applying Pennsylvania law which recites that the use of proxies by directors does not comply with the law of the state, but application of the rule was not necessary to reach the decision in the case.

PANO discourages the use of proxy voting by nonprofit boards for the following reasons: 1) if a director is voting by proxy, he/she does not have the benefit of the discussion about the motion, which might change the outcome of the debate; 2) the director assumes the personal fiduciary responsibility for the vote given without having had benefit of the discussion; and 3) should a suit be brought against the organization involving a vote of the board, the organization might not be able to sustain the action if the outcome depended on proxies.



READY REFERENCE

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Minutes of nonprofit Board meetings can vary widely in format, and in the level of detail they capture. In some regards, this is fine; there is no one correct style. Each Board should adopt a style of record-keeping that suits its own particular needs.

However, minutes serve several vital managerial and legal functions. It's important to understand those functions, in order to understand the types of material that should be recorded.

Minutes are a Board's collective journal. They provide all members of the Board, including brand new ones, with a common baseline of information about what the Board has seen and done. They are a critical tool for efficient, continuing, sound governance.

Minutes are also the primary record of a corporation's actions. Approvals of transactions, adoption of policies in compliance with regulatory requirements, and allocations of corporate assets are just a few examples of corporate actions that various parties inside and outside of the organization may need to see recorded in writing.

Finally, minutes are a vital tool when disputes arise as to a Board's actions or responsibilities.

The first function of minutes is to help demonstrate that the meeting was properly called.

Minutes should recite the date, time and location of the meeting, as well as the form of the meeting (e.g. annual, regular or special). The full procedural significance of these details will largely depend on the organization's bylaws, but in most cases these facts will at least help a reader determine what type of notice, if any, was required for the meeting. If notice was required, a copy of the notice actually given might be attached to the minutes, along with an explanation of how and when the notice was disseminated.

Attendance

Minutes should include a clear account of who attended, and in what capacity. Minutes should also identify any directors or officers who did not attend. (Some bylaws distinguish between "excused" and "unexcused" absence in determining whether a Board member can be terminated for non-participation. If so,

Preparing Minutes of Board Meetings Is Usually More Art Than Science

Minutes document formal Board actions and provide collective journal of corporate history

the minutes should record whether the absence was excused.)

A record of attendance serves at least two purposes. First, it allows a reader to determine whether a quorum was established. Second, it provides a relevant record in case some dispute arises as to a particular individual's participation—or failure to participate—in some corporate decision.

If any director joins or leaves a meeting in progress, the minutes should include a note to that effect, inserted at the appropriate point. Unlike a meeting of members, a Board usually cannot act without a quorum being actually present.

Recording Discussion

A meeting often includes several discussions, scheduled and impromptu, on which no action is taken. The person preparing the minutes often has a difficult time deciding how and to what extent these discussions should be reflected in the minutes. There are no rigid rules on this. While there's much to be said for "lean and mean" minutes, there are several types of discussions that should be acknowledged, if not actually recounted.

First, the minutes should indicate whether an order of business that appeared on the notice of the meeting, or in any printed agenda, was actually addressed.

Second, the minutes should record any conclusive discussion regarding future actions or activities, such as an informal agreement that a committee will meet to further discuss a certain topic, or a request to a staff member to provide certain information at a future date.

Finally, the minutes should record new information being presented to the Board in the course of a discussion. Perhaps someone may mention that a new program is underway, or that a licensing body has expressed a reservation about the organization's operations. These types of facts may emerge in a casual way, but may later become quite important. If and when they do, it will be helpful if the minutes show exactly when the information was first shared with the Board.

Beyond these categories, the only rule is that the minutes should record the gist of each substantive

discussion. There is usually no need to record exactly who said what. A transcript of the meeting is not appropriate, just a brief summary of discussion points. If the person preparing the minutes isn't sure whether an item was "substantive," the safest strategy is a simple note that the discussion occurred.

Recording Corporate Action

Perhaps the single most important function of minutes is to provide a definitive record of corporate actions.

If written resolutions were prepared prior to the meeting, their adoption can be recorded within the minutes, and the resolutions themselves can be attached. Alternatively, and more commonly, the minutetaker can record a resolution or other action within the minutes. To make sure that all participants agree on exactly what is to be approved, consider having the minute-taker read back any motion *before* a vote is taken. It is equally important to record resolutions or Board actions that were considered but did not get approved.

In addition to recording the action taken, the minutes must record exactly how the action was taken, and by whom. Was it unanimous? If not, what was the vote? If there were dissenters or abstainers, who were they?

This information can be important to individual directors. For example, in many states a director who is present at a meeting is presumed to have assented to any action taken at that meeting, unless the minutes specifically record that director's dissent. If a director wants to avoid responsibility for an action he or she deems improper, the director must make sure the minutes specifically record the dissent.

Recording abstentions is especially important in cases where a Board member has a conflict of interest. In dealing with a potential excess benefit transaction, the minutes should record enough information to assure that the conflicted director has the benefit of the rebuttable presumption that the transaction is fair and reasonable.

Special Action Requirements

Some bylaws, and some provisions of state law, require special procedures for approval of certain types of action. For example, a "super-majority" (typically 2/3 of all the Directors then serving) is sometimes required to approve a sale of real estate, or an amendment to articles of incorporation or bylaws. Whenever a Board takes an action that triggers special procedural requirements, the minutes should include sufficient information to demonstrate that the requirements were met.

Special procedural requirements will also arise if the organization has members or affiliates that must approve an action. If so, the action of the other body should not be incorporated into the minutes themselves; instead, the minutes should acknowledge that the other body has taken appropriate action, and evidence of that action should be filed with the minutes.

Minutes should be formally approved, as written or as corrected, by the Board at its first meeting following the one which has been recorded.

Under most bylaws, the Secretary of the corporation has a special duty to assure that appropriate minutes are prepared. Whether the Secretary prepares the minutes or oversees their preparation by others, it is appropriate for all of the other directors and officers to hold the Secretary to a high standard of performance. And they should—because ultimately, if the minutes are insufficient to prove some corporate action, to demonstrate due deliberation of some question, or to demonstrate who did or did not participate in some decision, any or all directors and officers might suffer serious consequences.

—**Eric Vieland**

Montgomery, McCracken,
Walker & Rhoads, LLP

Attachment M

Recruitment Procedures – Sample Steps

Whatever committee is in charge of this would do the following:

Opening Statement: ABC Organization believes the most important quality of a prospective board member is commitment to the mission of ABC and a passion for the benefit it provides to the community. The following process is utilized based on the person having that commitment and passion.

1. Step 1: Analyze current board needs utilizing the Board Resource Evaluation Matrix (this is easy to use)
2. Step 2: Share current needs with board and Executive Director along with encouragement to talk with people in the community to determine candidates who have a willingness to serve.
3. Step 3: Should a board member identify a potential member, that name is given to the XXXX Committee who will determine if the candidate should be contacted.
4. Step 4: Upon determination, contact will be made with the candidate to set up a breakfast, lunch or other type meeting in order to talk one on one about the organization and get to know the wishes and desires of the potential candidate. Being a board member needs to be of benefit to the candidate as well as the candidate providing benefit to the board.
5. Given the meeting goes well and there is interest on both parts, the Candidate will receive the following:
 - The board Candidate form to complete as well as providing a resume if available.
 - The board job description
6. Step 5: The XXX Committee will review candidate form and background of the person and determine if the candidate is a good fit.
7. Step 6: The candidate's information is then shared with the board and the board votes on whether the candidate is to be elected.
8. The XXX Committee will keep the Executive Director informed of communication with potential candidates. The Executive Director is also welcome to provide suggested candidates to the board.

Sources for candidate recruitment:

- One on one contact with individuals
- Contacting departments at local colleges and universities, CPA firms, law firms, groups related to the mission of the ABC Organization, Chamber of Commerce, etc. to ask for a meeting and present info on the organization as a way of spreading the word for board member recommendations.