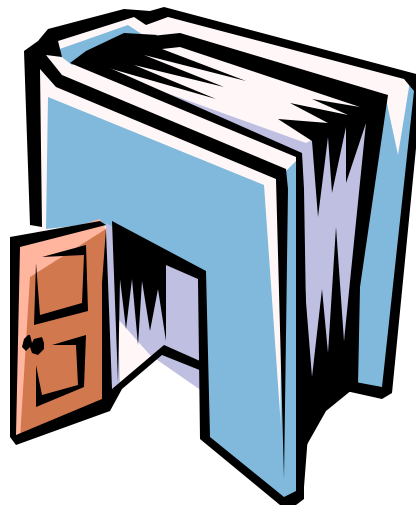


Your Board of Directors:

The Basics



The Washington Coalition of
Sexual Assault Programs'
Guide to Understanding and Developing
the Board of a Community Sexual Assault Program

by Christiane Hurt

Table of Contents

Introduction	3
Washington State Overview	4
Why a Board of Directors?	6
About Policy and Governance	8
10 Responsibilities of Nonprofit Boards	10
The Board and Financial Management	15
Balancing the Work of the Board and Staff	18
Determining Board and Staff Roles	21
Committees	22
Officers: Responsibilities	25
Board Member Job Description	26
Board Member Contract	27
Board Development	28
Board Recruitment Matrix	33
Board Member Application	34
Board Orientation	36
Board Orientation Agenda	38
Board Minutes Sample	37
The Board Manual	39
The Board and Liability	41
Appendix:	47
Bibliography	53
Resources	55

Introduction

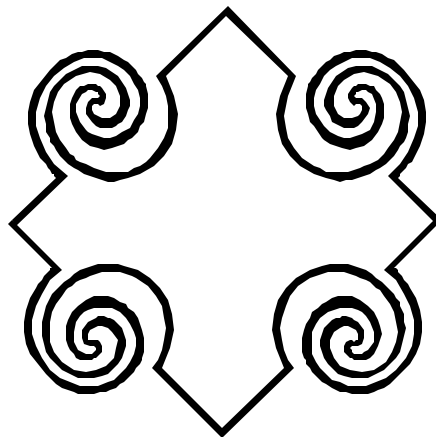
Congratulations! By picking up this manual, you have taken the first step towards improving your work either on or with a Board of Directors.

Everyone who works with a volunteer Board of Directors knows that there are many joys and challenges involved in governing an agency. Volunteer Boards are unique to the nonprofit world; in the for-profit community Members of a Board are typically shareholders who earn money if the organization profits. In the nonprofit sector, Board Members contribute their time, energy, and money because they are committed to the mission of a nonprofit agency.

The job of a Board Member encompasses many facets of an organization. This handbook briefly touches on a number of these areas, including: policy development, financial management, Board development, and personnel management. This handbook does not lay out every facet of a Board's work in any of these areas. Instead, it is intended to be used as an orientation tool for Board Members. This handbook can be used with new Board Members or with experienced Board Members who would like to have more training and guidance on their important roles within the organization.

Hopefully, this guide will help provide Board Members with the information they need to work effectively for their organizations. It is important to remember that Board training must be an ongoing process; no one guide or training event can properly prepare any one person for the different and often difficult decisions he or she will have to make during his or her term on the Board. It is my hope that this guide will provide all Board Members with a starting place and basic level orientation to their very important roles.

Christiane Hurt





Washington State Overview

This handbook is specifically designed for Board Members of Community Sexual Assault Programs (CSAPs) to use to help them understand their roles and responsibilities to their agencies and communities. However, this handbook provides basic information about Board Members' roles and legal responsibilities and can be useful to Board Members in all organizations. This handbook should not serve as a substitute for Board training and orientation, but instead should be used as a reference guide for all Board Members.

By participating in a CSAP, Board Members demonstrate their commitment to preventing sexual violence in their communities and to serving those who have been affected by sexual violence. In order to make the best decisions for their agencies, Board Members should understand the fundamental components of CSAPs in Washington State. These components are outlined in the 1995 Final Report, completed by the Washington State Sexual Assault Services Advisory Committee, and are summarized below. *Copies of the Final Report can be obtained from the Office of Crime Victims Advocacy, whose contact information is in the back of this book.*

Victim service providers, the Department of Community, Trade and Economic Development, Office of Crime Victims Advocacy (OCVA), the Department of Social and Health Services, Division of Children and Family Services (DCFS), and the Washington Coalition of Sexual Assault Programs (WCSAP) collaborated in creating the Washington State Sexual Assault Services Advisory Committee in 1994. The committee members' common desire was to create high quality and consistent service standards for victims of sexual abuse/assault, which included the availability of appropriate services for all victims in the state.

The committee focused on developing an ideal sexual abuse/assault service system that would ensure that all victims in the state are served. This system ideal is based on three fundamental beliefs:

- Individuals across Washington State should have access to a range of core sexual abuse/assault services.
- Beyond these core services, there should be a locally available comprehensive array of specialized sexual abuse/assault services.
- Regardless of any individual financial impact of the recommended system on current service providers, the system of Core and Specialized Services must be available for all citizens of the state, in order to serve the greater good of a larger number of victims.

From these guiding principles, the committee developed a comprehensive statewide plan for sexual assault service provision, which culminated in the designation of the CSAPs throughout Washington. Because the committee was dedicated to providing a standard set of comprehensive core services throughout the state, the committee created a system in which there is a CSAP in every services area who provides a standard set of services. The CSAP will continue to receive funding, as long as it meets a set of accreditation standards every two years.

The accreditation process has eliminated the inconsistency of service provision and funding



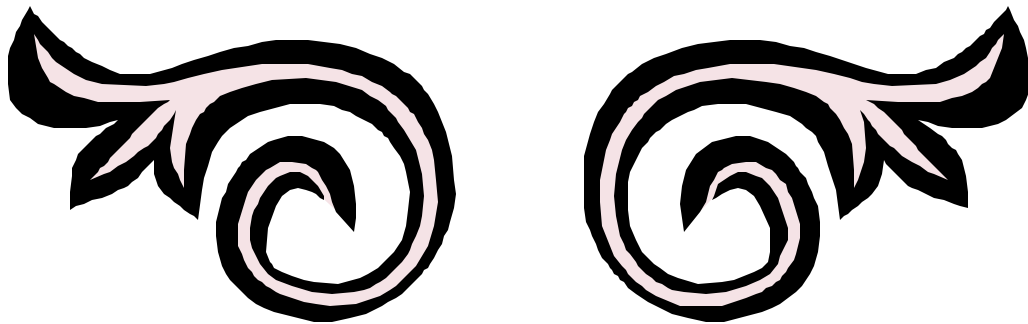
Introduction

levels throughout the state. Currently, programs receive funding determined through the use of a formula that is based on the population of each service area. By eliminating the competitive funding process and standardizing services, the new system guarantees each victim of sexual violence in Washington access to sexual assault services in his or her home area.

Once programs become accredited, they will receive their funding for two years, barring any problems meeting the requirements of their contracts. Programs must then provide core services throughout their service area. These services include:

- ⇒Information and Referral
- ⇒Crisis Intervention
- ⇒General Advocacy
- ⇒Medical Advocacy
- ⇒Legal Advocacy
- ⇒Systems Coordination
- ⇒Prevention: Social Change
- ⇒Prevention: Information and Awareness
- ⇒Prevention: Building Skills

Being a Board Member for a Community Sexual Assault Program can be an intensely rewarding experience. Participating fully in the Board - and meeting all of the responsibilities of a Board Member - will both help the CSAP meet its goals and the Board Member enjoy and learn from his or her experience with the organization. However, Board Members must learn how to meet those responsibilities by seeking training and continuing education on sexual violence issues and on Board management. By reading this manual, Board Members are taking their first step towards fulfilling their goals and responsibilities to their CSAP.





Notes

Why a Board of Directors?

A Board of Directors must be in place for a nonprofit organization to become a corporation. By becoming a corporation, the organization takes on an identity of its own, apart from those of its founders. The corporation itself can hire staff, engage in business transactions, and own property.

Although for-profit industries have Boards of Directors, they are very different from the Boards of non-profit organizations. In a for-profit corporation, the Board of Directors represents the people who hold stock in the corporation. As their representatives, the Board makes decisions that would be in the shareholders' best interests and will ultimately benefit them financially. In a non-profit organization, there are no shareholders. However, there are a number of parties who are stakeholders in the organization, such as donors, clients, community members, and other service providers. In a nonprofit organization, the Board of Directors represents these constituents and makes decisions based on these multiple interests.

Because non-profits exist to benefit society, they receive many privileges from both federal and state governments in order to help them operate. These organizations are exempt from paying income tax, can receive tax-deductible donations, are eligible to receive grant awards, and are often exempt from property taxes. Nationwide, these benefits total many billions of dollars annually. This money is, in effect, contributed to these organizations from the government and its taxpayers. Because nonprofit organizations receive these financial benefits from the government and its tax payers, the government then requires that there be a Board of Directors in each organization to represent the interests of the public. The Board of Directors of a nonprofit organization is in place to serve as the steward of the resources that are contributed to the organization from the community at large, including the government.

Board Members also provide important resources that help fulfill an organization's mission, including time, expertise, and energy. In addition, Board Members can communicate the values of an organization, bring credibility to the organization, and contribute their individual skills and expertise to the organization.

Because of their responsibility for the stewardship of the agency, the government outlines some of the basic duties of a Board of Directors. The legal responsibilities of a Board of Directors include the following (as outlined in R.C.W. 24.03.127):

- Duty of Care
- Duty of Obedience



Boards

- Duty of Loyalty.

These three duties represent different categories of responsibilities the Internal Revenue Service has given to Boards. The *duty of care* refers to the Board's responsibility to be competent. In other words, the Board must exert the care an "ordinarily prudent person" would when making a decision. Board members should read all program and financial reports and should engage in thoughtful discussions about all relevant issues. In order to show that the Board has engaged in these discussions, minutes of each meeting should be taken and Board members' votes should be accurately recorded.

The *duty of obedience* requires that Board Members be faithful to the organization's mission. Board Members should refer to the organization's mission when making decisions or planning for the organization's future. The IRS gives organizations tax breaks and other special privileges for pursuing their mission; if organizations use these privileges for other reasons, they are in violation of the law. Board Members are responsible for ensuring that organizations be true to their missions.

Lastly, the *duty of loyalty* refers to the Board's responsibility to be faithful to the organization. Each Board Member should have undivided allegiance to the agency and should not be engaged in conversations in which they may have conflicts of interest. For this reason, it is imperative that all Boards develop and follow conflict of interest policies, in order to minimize the impact of potential conflicts.

Boards are critical pieces of any non-profit agency and should not be underestimated. Serving on Board is a responsibility and a commitment. By understanding their responsibilities, Board Members can better serve the organization and help it meet its overall goals.

Notes



Notes

About Policy and Governance



We hear a lot about a Board's responsibility to set policy and otherwise govern an organization. But exactly what do we mean when we say that?

⇒ *Policy* is defined by Webster's Dictionary as "a high level overall plan embracing the general goals and acceptable procedures." In effect, policies are the basic rules that an organization uses to determine its course of activity.

⇒ *Governance* is derived from the verb "to govern," which is "to exercise continuous sovereign authority over. To control and direct the making and administration of policy." The Board establishes the foundation and the framework for the organization, thereby setting the parameters for all organizational activity.

The Board is responsible for governing an organization, which is done most effectively through the establishment of policy. Governing is the act of setting the goals, vision, priorities, and basic decision-making structure for the agency. By setting these important parameters, the Board creates the foundation for all organizational activities; all programs established in the organization should be in line with the organization's mission and goals. By setting policy, the Board establishes priorities for action and parameters for future decision-making. Board Members should approve policies in a number of organizational areas:

- Board procedures and operation,
- Financial controls (investment, reporting, audits, etc.),
- Personnel (recruitment, diversity plan, hiring/termination, vacation time, evaluation, etc.),
- Public Relations (media plan, designated spokespeople), and
- Fundraising (types of activity, who will be involved).

Policies should be approved by the Board, and can be developed in conjunction with Staff. To be effective, policies must be implemented consistently and should be regularly reviewed and revised when necessary.

While the Board sets the policy, Staff is charged with carrying out the daily business of the organization. Staff implement programs and activities to help the organization reach its goals, within the parameters set up by the Board. Staff may develop procedures



Boards

and plans to guide agency activities to reach the goals of the organization. Procedures and plans differ from policy; they are the documents that outline the details for the implementation of programs and activities, while policies set the parameters and serve as the general rules for all organizational activities.

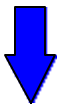
Procedures are documents that can be developed by Staff or Board, depending on the topic. Procedures outline the steps required to complete specific activities or tasks. For example, a Board may develop a procedure to outline how to recruit new Board Members. The procedure may outline how to recruit new members, how potential members apply, how the Board reviews the applications, and how the Board or membership votes on new applicants. In turn, Staff may develop procedures explaining how to create and maintain client files.

Plans are documents that lay out concrete goals and timelines for activities. Similar to procedures, plans may be developed by either Staff or the Board, depending on the topic. For example, a Board may have a fundraising plan that lays out goals for developing more income, a list of ways to generate the money, with timelines about when those fundraisers will take place, while Staff might create a plan to guide volunteer recruitment.

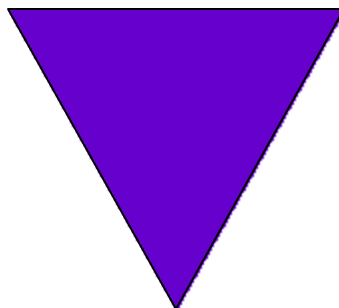
Notes

The Board sets the parameters for the Staff's work through the use of policy. Staff in turn develop programs that meet the goals of the Board and fit in the framework they determine for the agency.

Policy



Programs



Board



Staff

Notes

10 Responsibilities of Nonprofit Boards

adapted from the National Center for Nonprofit Boards booklet, 10 Basic Responsibilities of Nonprofit Board Members.

1. Determine the agency's mission and purpose

A Board of Directors is responsible for setting the course for the organization. They should establish the mission for the organization when it is conceived. The Board should revisit the mission of the agency every 5 years in order to evaluate its relevance to the field, in light of any trends or issues the agency is facing. In setting the organization's purpose, the Board determines the reason(s) for which the agency exists. The Board should determine the agency's programs and goals based on the mission of the organization. In other words, the energy of the organization must be used to accomplish the organization's mission. The Board is responsible for ensuring the organization stays true to its mission (duty of loyalty).

2. Select the Executive Director

The Board of Directors is responsible for hiring the Executive Director of the agency. The hiring process can be delegated to a committee of the Board (such as a search committee), but the entire Board should be kept informed about the hiring process and should be able to give input into the criteria by which potential executives are assessed. Staff and other agency stakeholders should be given input into the search process. When it comes to hiring the chief staff officer of any agency, it is wise for the Board to seek input from multiple stakeholders in order to make the best decision for the organization.

3. Support the Executive Director and assess his or her performance

The Board must support and evaluate the Executive Director.

Supporting the Director includes:

- complimenting him or her for jobs well-done,
- giving him or her constructive feedback,
- assisting him or her when tough issues come up with other Board Members,
- keeping him or her informed of issues about which the Board is aware,
- clarifying expectations the Board has for him/her (including maintaining and up-to-date job description for him/her),
- encouraging the Director to take care of himself or herself (including taking leave when necessary), and
- introducing him or her to community leaders.

A committee of the Board (such as the executive committee) may conduct the annual evaluation of the Director. The Director



Boards

Notes

should know well in advance of the review by what criteria he or she is being assessed. Some agencies may choose to have Staff, Volunteers, or community members provide input into the review process as well. It is important that the review be conducted in a confidential, professional manner. The evaluation for the Executive Director can be similar to the evaluations conducted for other agency staff.

4. Plan for the organization's development

As the Board sets the mission and purposes for the organization, it should also be engaged in a planning process to determine what specific goals the agency should seek to accomplish in order to pursue its mission. Planning can happen many different ways for organizations, but it is important that every agency engage in a planning process.

The Board may choose to bring in an outside facilitator to guide the agency in its planning. It is possible for the Board to engage in a planning process without outside assistance, but the Board may wish to examine any of the number of materials that have been published regarding strategic planning before beginning to plan.

5. Ensure adequate resources

The Board sets the course for the agency, and it must ensure that the organization has access to enough resources to meet its goals. The Board should be the main fundraising body of the organization. While it may require Staff support to complete its fundraising, the Board must not rely on Staff to fundraise.

Fundraising may be delegated to a committee of the Board, but it is important to note that ALL Board Members should be involved at some level with fundraising. Fundraising is more than hosting special events; fundraising includes soliciting individual donors as well. All Board Members should solicit donations from community members, and should make their own financial contributions to the agency.

Beyond fundraising, the Board should evaluate other potential sources of revenue for the organization. The Board should continuously aim to find sustainable income for the organization.

6. Manage resources effectively

Because the Board is the guardian of the agency and its resources, it is the responsibility of the Board to make sure these resources are used wisely. In order to determine how to allocate the organization's resources, the Board should develop (in conjunction with agency staff) and approve the annual budget for the agency. After a solid budget is approved, the Board should



Notes

monitor the agency's expenses to ensure that the agency remains within the parameters of the budget.

In order to monitor the use of resources effectively, the Board should receive and read financial reports on a monthly basis. It is the Board's job to ask clarifying questions if the financial reports are unclear. The Board must take the time to carefully read these reports in order to keep tabs on the agency's fiscal health.

In order to best manage these resources, the Board should determine the financial policies for the agency. (More information about these policies is contained in the Financial Management section of this handbook). The Board should also ensure that the agency receives an audit each year.

7. Determine and monitor the organization's programs and services

Programs exist in ever-changing environments. In order to change to meet the evolving needs of clients, the Board must assess any trends that would alter the needs of or fundamentally change the client base. Boards should then use this information in the organization's planning processes to adapt programs to meet the new and emerging needs.

Organizations may need to alter their programs even if there are not new trends in the field. The Board is responsible for evaluating the effectiveness of the organization's programs and services as well. The Board, in conjunction with staff, should determine when programs and services should be changed.

8. Enhance the organization's public standing

The Board Members are the organization's main representatives out in the community. In order to promote the organization, Board Members should be able to speak about the mission, goals, and programs of the agency. Board Members should take opportunities to promote the organization to civic, religious, community, and government groups as appropriate. The Board and Executive Director should determine who serves as the official spokesperson for the agency, but all Board Members should be able to speak intelligently about the organization on a more casual basis.

Because Board and Staff cannot speak to every constituent or community member, organizations should publish an annual report that details programmatic accomplishments and financial data. By publishing such a document, the organization informs the public about its mission and successes and generates more interest in the agency as a whole.

9. Ensure legal and ethical integrity and maintain accountability



Boards

The Board of Directors is responsible for ensuring that the organization is in compliance with the law and with its contracts. In order to establish a system that encourages ethical and legal activity, the Board must set policy for the organization. Major policy areas include personnel, finance, and conflict of interest.

The Board must ensure that any policies meet minimum legal requirements. Many Boards choose to have an attorney review the personnel policies, for example, in order to make sure the agency stays in compliance with applicable employment law. Similarly, a Board may choose to have a Certified Public Accountant review the agency's financial policies. Because the Board is ultimately responsible for ensuring the agency's compliance with the law, Boards may choose to bring in outside professionals with specific areas of expertise to guide them in setting policy.

The agency also must follow the requirements of its own by-laws and articles of incorporation. The Board should understand the contents of these documents and should follow the guidelines they outline. If the Board does not follow its own policies, the agency becomes vulnerable and may face a lawsuit. Similarly, the Board should make sure that the agency adheres to its contracts as well as occupational, safety, health, labor, and related regulations.

10. Board Development

Boards grow and change throughout the life of an organization. In order to best meet the changing demands facing them, the Board should:

- Develop a new member orientation that prepares newcomers for their roles,
- Educate themselves continuously,
- Assess Board performance,
- Identify and recruit new members, and
- Develop committees as appropriate.

A committee of the Board, such as the Nominating Committee, may complete some of these tasks. All Board Members should identify their own needs for ongoing education and be responsible for seeking out resources that will assist them in their jobs.

Notes



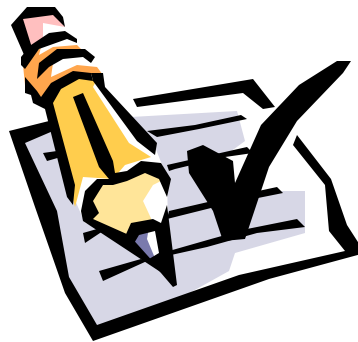
Notes

A Word About Board Accountability . . .

It is important to remember that a Board of Directors is accountable to its community, its clients, the Federal and State governments, and all of the organization's funding sources for the good management of the agency. By following the responsibilities outlined in the above list, any Board of Directors will be on the path to agency governance. However, the journey to healthy organizational development never ends; as the Board becomes more clear about its role and responsibilities, and continues to follow through on those responsibilities, new goals and objectives will emerge.

As the Board develops, the Members of the Board should assess their performance and continuously look for ways to improve their operations. Creating effective feedback and evaluation opportunities for community members, staff, clients, and funders can provide the organization with valuable information about its performance and ways in which it can become more effective. These assessments and feedback opportunities can take many forms: the Board may take an inventory on itself (see checklist in Appendix) or may bring in an outside consultant to complete an organizational assessment. The Board may provide other stakeholders with a survey through which other individuals or groups can provide feedback.

Whatever the method, by soliciting feedback and thinking critically about the goals and objectives for an organization, the Board can strive to continuously improve its effectiveness and supercede basic expectations.





The Board's Role in Financial Management

Because the Board of Directors is responsible for maintaining the integrity and accountability of the organization, the Board has a primary role in ensuring the financial health of the organization. In its role as the representative of the public's interests, the Board must ensure that the organization is using its funds efficiently, in compliance with funding restrictions, and towards the pursuit of the agency's goals.

Many Board Members understand their role as the guardian of the public trust, but do not recognize the many different ways that this role can be pursued. Some individuals may bring financial expertise to their role as a Board Member; the Board Treasurer may be a Certified Public Accountant or the President may be a Financial Planner. Although it certainly helps to have experts on the Board, not every Board Member needs to be a highly trained accountant. (However, if no one on the Board brings this type of expertise, it may be wise for the Board to find an Accountant who will loan his or her expertise to the Board on a pro bono basis from time to time. The Board may wish to consult with a professional when determining the organization's financial policies or when revising financial procedures within the agency.)

Regardless of the expertise available on your Board, all Board Members are involved in and responsible for maintaining the financial integrity of the organization. All Board Members must work together to accomplish the following tasks:

- ⇒ Setting the financial policies of the organization,
- ⇒ Determine the agency's budget (usually in conjunction with Staff),
- ⇒ Review financial statements & ask questions when clarification is needed,
- ⇒ Make investment decisions,
- ⇒ Arrange for annual audit (meet with auditor), and
- ⇒ Periodically review financial procedures with Staff.

Because the Board is ultimately responsible for the business of the organization, but the Staff often manage the day-to-day finances, the Board must set the parameters for the Staff's work. The policies should cover the receipt and disbursement of funds, making deposits, managing petty cash, signing checks, opening bank statements, and managing resources.

The Board of Directors is responsible for determining the agency



Notes

budget. However, in many agencies the Executive Director prepares the budget and submits it for Board approval. Either way, the budget should be determined in advance of the beginning of the fiscal year it represents. The budget is a guiding document that helps the Board and Staff make financial decisions throughout each fiscal period, beginning on the first day of the fiscal year. To complete an accurate budget, Board and Staff will need the following information:

- ⇒ financial estimates from funding sources,
- ⇒ any additional work requirements that may require additional resources, and
- ⇒ past fiscal year expenses.

Budgets should track expenses by funding category and by program, so it will be easy to see exactly what types of expenses were billed to each program and to find out how much each program costs the agency.

All members of the Board should review periodic financial statements. These statements can be made available as frequently as monthly but not less than quarterly. Board Members should receive these statements in advance of Board meetings and should be offered the opportunity to ask questions and have them answered at each meeting. The Board Treasurer may work with the Staff to develop the format for these reports. At a minimum, the reports should compare year-to-date expenditures with the annual budget in order to show the Board its current financial standing relative to its annual estimates. Financial reports may also include copies of bank statements to give more information about the status of specific accounts.

Board Members will determine the agency's investment decisions, usually with the help of an outside accountant. Not all agencies are fortunate enough to have money to invest, but all agencies should strive to develop financial reserves to help ease the strain of a tight financial period. As a rule of thumb, a nonprofit agency should have enough money put away to cover approximately six months of its fixed expenses (such as rent, utilities, and payroll).

Each year, every nonprofit organization should have a financial audit. Audits are completed by a professional accountant who determines whether or not the financial statements of the agency are accurate and if the agency is following solid financial practices. Contracting with the auditor may take some time, so the Board should not wait until the last minute to engage a professional's services. The Board can delegate the responsibility for arranging the audit to a committee (such as the audit or finance committee). Audits are often required by funding sources to renew contracts each year. Even if they are not



Finances

required, the Board should protect the assets of the organization by having an auditor come in and assess the fiscal health of the organization and its policies.

As the agency grows, new financial policies may be necessary to protect the increasing assets of the organization. Boards and Staff may discover that the current financial policies no longer make sense for the agency or that better practices can be instituted. For these reasons, financial policies and procedures should be assessed periodically and revised as needed. The entire Board does not need to be involved in the tedium of these revisions; rather, the finance committee and relevant Staff can propose changes that the entire Board may discuss and amend as needed. The entire Board (or majority necessary to pass policies) must approve the policies for them to be officially changed.

Financial Policy Checklist

Does your organization have the following topics addressed in policy?

- ✓ Segregation of financial duties
- ✓ Receiving cash
- ✓ Cash deposits
- ✓ Bank reconciliations
- ✓ Authorizing expenses
- ✓ Check signing
- ✓ Personnel authorizations (hiring, changes in employment, timesheets)
- ✓ Payroll preparation
- ✓ Collecting and recording receivables
- ✓ Petty cash
- ✓ Recording payables



Notes



Notes

Balancing the Work of the Board and Staff

The Board and the Executive Director of an organization are both focused on facilitating the development of the organization. Because they have similar goals, yet different responsibilities, they are engaged in a never-ending balancing act in which they are trying to achieve stability between their respective roles. At first glance, the boundaries between the two may seem clear: while the Board is charged with determining the organization's mission and goals, the Executive Director and agency Staff must decide how to work towards those goals. However, as an organization changes and different people join the organization with varying expertise, the boundaries may become confusing.

In order to accomplish their jobs within the organization, both the Board and the Executive Director must understand where their roles start and stop. The Board and Executive Director are simultaneously dependent on each other for achieving the goals of the organization, yet they function independently of each other on a day-to-day basis. While the Board of Directors constitutes the legal body of the organization, the Executive Director is responsible for the daily management of the organization.

The Board is responsible for establishing policy, determining the mission, and setting goals for the agency. The Board does not, however, make its decisions in a vacuum. In fact, the Executive Director must give the Board the information it needs to make clear decisions about the goals for the organization. The Board should then use that information to guide its decisions.

Because of the importance of these roles in maintaining organizational health, the boundaries of each position must be clarified. In many organizations, the most useful tools for establishing the parameters of these positions are job descriptions. The job descriptions should be reviewed annually and updated as needed. *(see example of Board Member job description in this handbook)*

In determining their specific duties, it is important to understand that Board Members wear two hats when they serve an organization. Each Board Member has a responsibility as a member of the larger governing body of the organization – in this role, the Board acts as a unit. Board Members are never individual policy makers and governors. But as individuals, Board Members have the responsibility to contribute their personal expertise to the organization. In this role, Board Members act as advisors to the Staff and Board.



Roles

The different roles of the Board vary with the lifecycle of the organization. At the beginning of an organization's life, when there may be few or no Staff, the Board will frequently be the only group of people tending to the day-to-day management of the agency. Board Members may answer the phone, write checks and work with funders and other service providers. After an Executive Director is hired, the Board should begin transitioning out of the day-to-day tasks at the agency and should instead focus on bigger picture items, such as setting policy and strategically planning for the organization's future. Regardless of the new task, as more Staff become a part of the agency, a new Board of Directors must focus on setting the parameters for the agency's work, and trust that Staff will stay within the boundaries.

Often, these transitions within an agency are not smooth and require patience, attention, and respect. Because multiple transitions occur throughout the life of the organization, it will serve the agency and all people involved if there are clear communication lines established early on.

The Executive Director, in addition to overseeing the day-to-day management of the organization, serves as the link between the Staff and the Board. Although Staff may attend Board meetings, usually the Executive Director is responsible for reporting back to Staff about Board decisions. The Executive Director is responsible for maintaining a flow of communication between the Board and Staff.

The National Center for Nonprofit Boards found that Executive Directors who have strong relationships with their Boards have the following six skills:

- Facilitating interaction in Board relationships,
- Showing consideration and respect for Board Members,
- Envisioning change and innovation with the Board,
- Promoting Board accomplishments and productivity,
- Initiating and maintaining a structure for Board work,
- Providing helpful information to the Board.¹

As the agency grows and the need for the Board to expand its work becomes apparent, Executive Directors may be surprised to discover that working to develop the Board is their responsibility. Even though we picture the Board as the "Big Boss" of the organization, we must remember that the Board Members are volunteer community members who may or may not understand what it means to serve on the Board. The Board may be looking to the Executive Director for leadership in developing the Board. The Executive Director is responsible for developing a strong and

¹Pg. 8 NCNB , Creating Strong Board-Staff Partnerships

Notes

Notes

healthy organization. If the Board needs help, it becomes the responsibility of Staff to help the Board develop.

In order to meet the ever-changing demands that face an organization, all Board and Staff Members must remember to work together to strengthen the agency as a whole. At times there will be conflicts between Board and Staff. Often these tensions can be alleviated through the use of good communication skills. Board and Staff Members must remember to be clear about the expectations they have for one another and to continue to respect each other in these important and very difficult roles.

Organizational Life Cycles

Organizations experience many transitions throughout their lifetimes. The roles and responsibilities of the Board and Staff must shift during each of these phases, in order for the organizational to grown and develop. Some phases that organizations experience may include:

- ⇒ Infancy: The organization is brand-new. In this phase, it is common that the Board of Directors be completing most of the work of the agency. Often there are no paid Staff when an agency first begins.
- ⇒ Childhood: The organization has been up and running for a few years. Some Staff have been hired. The Board must begin to focus on bigger picture items and leave part of the day-to-day business to Staff. The Board may still be involved.
- ⇒ Adolescence: Staff are operating the day-to-day business. The Board is adjusted to its role in policy and governance. The Board begins to expand its role to begin aggressive fundraising and marketing.
- ⇒ Adulthood : The Board is fully invested in organizational planning, fundraising, and policy development. The Staff operate the day-to-day business.

Determining Board and Staff Roles

Topic Area	Board	Staff
Mission	Set mission of agency.	Give input on mission.
Accountability	Constitutes legal entity of corporation: <ul style="list-style-type: none"> • Ensures organization adheres to by-laws & policies • Ensures agency is well-managed and complies with legal requirements. 	Ensures contract compliance. Regularly reports to funding agencies. Regularly reports to Board.
Planning	Establish organization's strategic plan and long-term goals. Assess trends in field to determine future of organization.	Lend expertise to Board in developing strategic plan and goals. Develop programs and activities that strive to meet long-term goals and mission.
Planning/Mission	Evaluate organization's progress towards goals.	Provide regular reports to Board. Give input to evaluation process.
Finances	Set financial policy, approve budget, review financial statements. Legally responsible for financial obligations of organization. Oversee annual audit.	Manage daily finances, develop budget. Develop financial reports for Board. Complete financial activities in accordance with policy.
Personnel	Select, monitor, evaluate Executive Director. Set all personnel policy. Establish levels of compensation for all positions.	Manage human resources beyond ED, in accordance with policy. Establish hiring/termination procedures. Ensure staffing of corporation.
Board Development	Evaluate and assess Board composition. Identify training needs, set Board meetings, identify and recruit potential Board Members.	Help identify potential Board Members. Assist in training and orienting Board. Provide Staff support to Board activities.
Public Relations	Represent agency in community. Determine agency's Marketing Plan.	Represent agency in community.
Fundraising	Ensure adequate organizational resources: develop funds, donate money, identify new resources, cultivate donors.	Identify new resources, assist in fund-raising, track donations,



Notes

Committees

The Board may decide to complete some of its work through committees. Boards do not have to use committees, but most Boards choose to because working with smaller groups can be more efficient than working with the whole Board. Committees also allow Boards to bring in people who don't serve on the Board to lend their expertise within a committee. Board committees must have at least one Board Member per committee. Each Board Member should serve on at least one committee, but probably not more than two, so as not to overburden any one person with committee work.

Committees are responsible for developing recommendations for the whole Board. Each committee should have a job description and an annual workplan.

Boards use standing committees and temporary committees. Standing committees are a constant part of the Board structure while temporary committees are convened on a short-term basis and eventually disband.

Executive

The executive committee is most often made up of the officers of the organization. In large organizations, this committee may also include representatives from other committees, but the executive committee should not be too large to be effective. This committee is charged with making decisions in between Board meetings and for monitoring the work of the organization overall.

Executive committees have the tendency to become too powerful and may make decisions without the Board. The committee should resist the temptation to make decisions without the full Board and should only make decisions in between meetings when absolutely necessary. The Executive committee can be most useful to:

- determine priorities for the agendas of Board meetings,
- examine the overall needs of the organization more frequently than the whole Board may be able to, and
- provide ongoing support to the Executive Director.

Board Development/Nominating

This committee is responsible for identifying and addressing the needs of the Board. It is charged with:

- assessing Board composition,
- identifying and recruiting new Board Members
- preparing and recommending a slate of officers for each Board election,
- identifying potential committee members,

- developing an orientation process for new Board Members, and
- identifying and addressing Board training and education needs.

All Board Members should be involved with many parts of Board development, including the identification and recruitment of new Board Members.

Fundraising

The fundraising committee usually oversees the development and implementation of the Board's fundraising plan. The committee may work in conjunction with staff to establish the agency's plan. The committee should also coordinate Board fundraising and special events.

Finance

The finance committee should establish and monitor the financial practices of the agency. This committee may include Certified Public Accountants or other community members with financial expertise. The Treasurer of the agency should serve on this committee.

The responsibilities of this committee may include:

- determining/reviewing agency budget,
- recommending financial guidelines and policy,
- working with staff to design financial reports,
- overseeing investments,
- recommending & monitoring auditor, and
- advising organization on financial priorities.

The finance committee should make sure that the whole Board understands financial picture of the agency, including how to read the budget and understand financial statements so they can make the best decisions for the organization. The finance committee should issue financial reports to the Board at each meeting.

Personnel

This committee is responsible for:

- drafting/revising personnel policies for Board approval,
- establishing salary structure & completing annual review of salaries,
- reviewing job descriptions,
- developing personnel evaluation system, and
- reviewing the employee benefit packages.

Planning

The planning committee will design and oversee the agency's long-range planning process. This committee may recommend



Notes

program priorities that evolve from the organization's strategic planning process. The planning committee may not be a standing committee of the Board. Rather, it may be a temporary committee that meets every few years as the organization engages in its planning processes.

Determining Your Committees

What committees should an agency have?

Most agencies use the following committees regularly:

- ⇒ Personnel,
- ⇒ Executive,
- ⇒ Fundraising, and
- ⇒ Finance.

Having these committees in place may make it easier for the Board to regularly focus on four of its main areas of responsibility.

Board who are able to have more than four healthy, functioning committees may choose to add the following:

- ⇒ planning,
- ⇒ special events,
- ⇒ cultural competency,
- ⇒ client services, or
- ⇒ community relations.

Boards should add committees very carefully. Each Board Member should never serve on more than two committees. Each committee should be relevant and helpful to the work of the agency.



Officers: Responsibilities

Notes

The President/Board Chair

This position is the chief volunteer role within the organization.

The President is responsible for:

- leading the Board Meetings and the Executive Committee,
- serving as the main liaison between the Board and Staff,
- representing the organization to the community,
- leading Board planning,
- ensuring the Board acts in accordance with its policies,
- serving as the chief representative of the Board, and
- creating leadership opportunities for other Board Members.

The Vice-President/Vice-Chair

The Vice-President is the “second-in-command” on the Board and serves as the President if he or she is unavailable. Because of the Vice-President’s key role in working with the Board, the VP should be informed of all major agency issues, as the President is.

Secretary

The Secretary is responsible for documenting Board decisions and maintaining records of all agency governance information.

His/her responsibilities include:

- recording the minutes of all Board Meetings,
- maintaining important documents, including: articles of incorporation, tax-exempt documentation, by-laws, audits, budget, and policies, and
- writing correspondence for the Board.

Treasurer

The Treasurer manages the agency’s financial information. He/ she may work closely with the organization’s bookkeeper to determine the agency’s financial procedures. The Treasurer oversees the agency’s financial reports and audit, and makes sure that the Board receives copies of these pieces of information. The Treasurer reports on finances to the Board at the regular Board meetings and responds to the questions Board Members pose. The Treasurer serves on the Finance Committee and develops recommendations of financial policies for the Board to review.

Board Member Job Description

Position Summary:

The Board of Directors is responsible for ensuring that the organization is well-managed and financially responsible. The Board is the governing body of the organization and is responsible for establishing the mission and goals for the organization. In addition, the Boards set the organization's policies which provide the parameters for the agency's work.

General Responsibilities (for entire Board):

1. To ensure the organization is responsibly managed (in accordance with the organization's by-laws and policies) and is compliant with legal and contract requirements.
2. To ensure that the organization has the resources it needs to pursue its goals. In order to fulfill this responsibility, Board Members must determine how the organization will raise funds, participate in fund-raising events, donate money, recruit and solicit donors, and identify potential funding sources.
3. To ensure that the resources of the organization are raised and spent in a responsible manner. Board Members must help create or approve the agency budget, set financial policy, acquire adequate insurance, and arrange for an annual financial audit.
4. To hire and supervise the Executive Director.
5. To serve as the organization's representatives in the community.
6. To determine the program priorities for the organization. To fulfill this responsibility, Board Members must establish the organization's strategic plan and long term goals. In addition, the Board must evaluate the organization's progress towards its goals.
7. To evaluate and assess Board composition, identify and recruit potential Board Members.

Individual Responsibilities:

1. To make a personal commitment to the mission of the organization.
2. To regularly attend Board and committee meetings.
3. To disclose any conflicts of interest as they arise.
4. To stay informed about the goings-on of the organization, including reading financial and program reports.
5. To donate financial resources to the organization and to identify potential donors/funding sources.
6. To participate in special events of the organization.
7. To attend Board training events in order to obtain continuing education.
8. To work with the Board and Staff to strive towards the goals of the organization.

Board Member Contract

I agree to serve the Board of Directors of the Community Sexual Assault Program (CSAP). I understand that I have a responsibility to ensure that the organization is well-managed and financially sound as it pursues its mission and goals.

As a Board Member, I will:

1. Commit my support to the mission of the CSAP.
2. Attend at least 75% of Board Meetings, committee meetings, and special events.
3. Disclose any conflicts of interest as they arise.
4. Stay informed about the work of the organization. I will regularly read programmatic and financial reports and request additional information or ask questions as necessary.
5. Donate financial resources to the CSAP and will work to identify potential donors and funding sources.
6. Obtain on-going training to increase my ability to serve the CSAP as a Board Member.
7. Work with the Board and Staff to strive towards the goals of the organization.

Signed:

Member, Board of Directors

Date

President, Board of Directors

Date



Notes

Board Development

In every nonprofit organization, the Board of Directors works to establish policy, develop organizational vision, and plan for the organization's future. In order to achieve and maintain a healthy organization, Boards themselves must be healthy. Boards, like agencies, go through life cycles in which the level of support they require varies. It is important to understand the different changes Boards experience and to understand that the needs to the Board vary over time. Most importantly, it is crucial that managers of organizations understand how the healthy development of the Board is integral to the health of the organization.

Often we think that Board Development refers only to the recruitment of new Board Members. In fact, Board Development can include Board education, assessment and evaluation, and committee development. Because these are all important components of Board Development, they each require dedicated time and energy on an ongoing basis and should not be put off until Board terms expire or until there is a crisis.

Board Recruitment

Often the task of Board recruitment is delegated to a nominating committee, but it can and should involve Staff and other Board Members. In order to determine what qualities an organization needs in new Board Members, a Board should complete an assessment of what skills/characteristics the current Board Members possess and cross-reference that list with the skills the Board needs to have. One way many organizations complete this assessment is through the use of matrix, which can help show what skills and demographic groups need to be represented on the Board. (see example matrix in this section).

Once an organization has determined what gaps exist, the Board can begin to collect names of potential Board Members with those qualities. Instead of an annual activity, Board recruitment should be completed on an on-going basis. Boards should keep a file of likely sources of members and should regularly collect contact names of possible new members from Board and Staff.

The Board should be continuously cultivating potential Board Members. In a sense, Board Members cultivate potential members any time they represent the agency in the community. As the representatives of the organization, Board Members strive to promote the agency and help its mission and goals become familiar to and supported by the community. As Board Members find community members with skill sets that match the agency's needs or who may be particularly interested in the work of the organization, they should take the opportunity to:



Development

- Invite them to visit the agency,
- Ask if their names can be added to the mailing list,
- Ask if they are interested in volunteering in some capacity, or
- Invite them to an upcoming special event.

In completing any of these activities, the Board begins to bring interested community members closer to the organization, with the hopes that the community members will eventually be a good matches for the agency, possibly as potential Board Members or in some other capacity. As you bring the community into the fold of the organization, you increase the pool of resources for all aspects of your agency's work.

Cultivation and recruitment can also include more direct methods. For example, if your Board identifies an individual whom they would like to recruit, a Board Member (perhaps the President or the Chair of the Nominating Committee) may invite him/her out to lunch to directly discuss the possibility of him/her joining the Board. Such direct methods can be very successful if they are well-organized. The recruiting Board Member should be sure to:

- Have a copy of a current Board Member job description,
- Be able to articulate the mission and goals of the agency,
- Have a firm understanding of what you're hoping the potential Board Member would bring to the agency,
- Be upfront about the expectations of Board Members, and
- Define the timeframe for election of new members.

The application process should be clear to all current and potential Board Members. A Board application process may include:

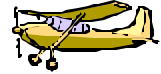
- Completing an application,
- Interviewing
- Vote

Before inviting someone to apply to the Board, the Nominating Committee should be certain to have ironed out the process, including determining who has the final decision in the election of new Board Members.

It is important to remember that community members are not born ready for Board service, but instead must be coached and developed into their new roles. Nobody is perfect, but it is important to remember that each individual brings his/her own special set of skills to an organization.

The Board is not alone in its development. The Executive Director and Staff of an organization can help build a Board, both by contributing names of potential Board Members and by helping to train a Board about its role. The Staff and Executive Director can share their expertise and knowledge with the Board and can work together to help the Board understand its job. This effort

Notes



Notes

from the organization's Staff can help build a partnership with the Board. The effort that the Staff puts forth to develop the Board will help build trust and respect between the two groups.

Because it is in the Executive's best interest for the Board to be healthy and well-functioning, the Executive Director should commit his/her time and energy towards strengthening the Board as necessary. Often the Executive has access to information and resources about which the Board may be unaware.

Education/Orientation

In the beginning stages of an organization, the Board of Directors is responsible for most of the work of the agency. The Board may be the only staff of the organization; no paid Staff may have been hired by the time of an agency's incorporation. In this phase, the Board is involved in every facet of an organization.

As the agency begins to grow, the Board may hire paid Staff and/or Volunteers. As the Staff take on more agency responsibility, the Board should begin to step back from tasks related to daily organizational management and should focus on larger policy and governance issues. However, because many Board Members are more familiar and maybe even more comfortable with management tasks, often Boards and Staff collide in the course of completing regular agency business.

It is the responsibility of the Executive Director to help develop the Board and encourage the Board Members to focus on the larger governance and policy issues. In order to prepare to take on these often new tasks and perspectives, Boards require training.

When new Board members begin their terms, it is important to give them an orientation to their roles. This orientation is a crucial part of helping Board Members understand what their responsibilities are to the organization. Because many Board Members haven't served in this capacity previously, they may need training and orientation on topics such as:

- the roles and responsibilities of Board Members,
- Board and Staff boundaries,
- what new Board Members can expect from Staff and other Board Members,
- what the agency expects from new Board Members (should be discussed prior to becoming a Board Member), and
- how the Board really works.

In addition, new Board Members should receive training and information about the agency, including the current budget and strategic or long-range plan. Board Members should receive a Board handbook containing this and other pertinent information



Development

for future reference.

After Boards are oriented, their training needs continue throughout their terms. In order to determine what topics to cover in training, the Director and Board need to complete a regular analysis and prioritization of training needs. In addition, obtaining training should be a regular part of the work of Board Members. Organizations must make a commitment to ensuring that Boards receive training, both by scheduling training opportunities and securing financial or donated resources to support the costs of training.

Board leaders should be committed to finding new and innovative ways for training to take place. For example, trainings can occur at retreats, over breakfast meetings, during brown bag lunch events, through videos, books, teleconferences and internet conferences. Training itself doesn't have to be expensive – many Board Members have expertise that they can share with the rest of the Board during a regular meeting. For example, if an accountant serves on the Board, she/he can train the Board about IRS regulations or about how to read financial statements. As is usually the case with busy community members, it's always tough to schedule an additional meeting. Instead of trying to make a training an additional event every few months, Boards can be trained during their regularly scheduled retreats and meetings.

In addition to training the Board as a whole, individual Board Members may have topics about which they'd like more information. If a new person has just joined the Board, she/he may want to learn more about issues facing the agency, financial and reporting requirements, and general Board service. In order to meet the new Member's many needs, a Director can work with him/her to develop a personalized training plan. The plan can be informal, but should outline ways in which the Board Member can obtain the training he/she desires, and should have a timeline. The training possibilities can include meetings with current or former Board Members, meetings with staff, reading materials, videos, attending outside trainings/conferences, etc.

As the Board develops annual goals and strategic plans, it is important to ensure that Board Members have the skills and knowledge they need to follow through. For example, if the organization is embarking on a new individual donor campaign, Board Members would want training to help them feel comfortable asking for large donations. Similarly, if an organization plans to revisit its mission, the Board would want to receive training or information about issues and forces facing the organization.

Notes



Notes

Board Recruitment Matrix

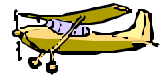
Often times, Board recruitment is an informal process; individuals who are either interested in the organization's issue or who are prominent in the community are frequently invited to sit on the Board. However, Board recruitment can be much more productive and successful if the organization takes the time to engage in a thoughtful process to determine what types of skills, experience, expertise, and demographic representation would best benefit the organization.

Because Board Members rely on each others' specific sets of skills and expertise in order to be productive, they must first determine what skill sets, experience, and diversity they want to see on the Board as a group. All Board Members should be committed to the issue and the organization. However, each Board Member individually brings a different set of skills and experience, in addition to their commitment to the agency. In determining what groups or skills should be represented in your organization, it can be helpful to think of:

- * demographics (geography, race, sexual orientation, age, sex, abilities, survivor status),
- * service constituents (school districts, religious organizations, hospitals)
- * skills (accounting, fundraising, legal, public relations, finance, management), and
- * experience (Board work, Volunteer work, activism, business, government).

On page 33, there is a matrix that can be used to help a Board determine what gaps exist within the group. After filling in all current Board Members, the Nominating Committee can begin to determine what groups are missing and recruit new Board Members to fill those gaps.

Potential Board Members can be listed and accounted for on the matrix. The matrix is intended to be used as a guide to continuous Board recruitment. A blank copy of the grid is in the back of this handbook.



Community Sexual Assault Program Board of Directors Application

Name: _____

Address: _____

Place of work: _____

Business Address: _____

Phone: _____ (home) _____ (work)

Fax: _____ (home) _____ (work)

Email: _____

Preferred method of contact: email work
 telephone home
 mail

Organization Affiliations/Memberships: _____

Please list any prior experience you have had on other Boards of Directors: _____

What skills and areas of interest do you bring to the Community Sexual Assault Program? _____

What committees are of interest to you? Fundraising Nominating
 Personnel Finance
 Communications Planning



Notes

Board Orientation

Regardless of years of experience, each Board Member serves as a representative of the organization to the rest of the community. In order for Board Members to be the best messengers possible, they require orientation and training about the work and goals of the agency.

Before fulfilling their new responsibilities, each Board Member should receive an orientation to this new role. Board Members should understand the expectations associated with their role and should sign a contract acknowledging that they accept those responsibilities. Orientation is the best opportunity to let new Members know exactly what is expected of them, how the Board operates, and what the agency strives to accomplish.

Board orientation can happen in many different ways, including but not limited to:

- * a brief meeting between the Board Chair and new Board Member,
- * a lunch with the new Board Member, Board Chair and Executive Director, or
- * a formal meeting for all new Board Members.

New Board Members can be oriented one-by-one or many new Members can be oriented together. The orientation itself is usually hosted by the Board Chair, who is the best person to explain Board operations. The Executive Director may explain the work of the agency and introduce Staff.

New Board Members can also be assigned to a veteran Board Member, who may serve as a mentor during the first year of the newcomer's Board service.

Possible topics to cover in orientation:

- | | |
|-----------------------------|---------------------------|
| ➤ Introduce Staff | ➤ Agency Tour |
| ➤ Introduce Board Officers | ➤ Agency Allies |
| ➤ Agency Mission/Principles | ➤ Board Operations |
| ➤ Budget | ➤ Board Responsibilities |
| ➤ Investments | ➤ Board Meetings |
| ➤ Liability Insurance | ➤ Committees |
| ➤ Development Plan | ➤ Board Evaluation |
| ➤ Agency Programs | ➤ Strategic Plan & Vision |
| ➤ Fundraisers | ➤ Board Manual |



**Community Sexual Assault Program
Board Orientation
January 15, 2000
X - Y PM**

Agenda

- I. Welcome & Introductions (X minutes)
2. Introduction to our Community Sexual Assault Program (X minutes)
 - A. Review of mission statement
 - B. Agency structure
 - C. Agency goals & objectives
 - D. Programs
 - E. Method of Operation
 - F. Finances
3. About Sexual Violence (X minutes)
 - A. Dynamics of sexual abuse/assault
 - B. Relevant community resources
 - C. Response of medical, legal, and social service communities
4. About the Board of Directors (X minutes)
 - A. Job Descriptions
 - B. Officers
 - C. Meetings
 - D. Strategic Plan
 - E. Fundraising



Form to use in taking minutes at a Board Meeting

Community Sexual Assault Program
Board Meeting
January 15, 2000

Attendees:

Absent:

Old Business:

- 1.
- 2.
- 3.

Action Taken:

- 1.
- 2.
- 3.

New Business:

- 1.
- 2.
- 3.

Action Taken:

- 1.
- 2.
- 3.

Committee Reports:

- Finance:
- Personnel:
- Fundraising:
- Executive:
- Nominating:



The Board Manual

For many Board Members, the Board Manual or Handbook may be the main resource for information about the organization. Because Board Members must be prepared to fulfill their responsibilities on the Board, they must have information about the organization's programs, history, goals, and finances. Although this information should be covered in the Board Member's original orientation, supporting documents should be in the manual as well, so that the Board Member may reference them in the future.

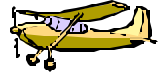
You have plenty of flexibility in designing and organization your Board Manual. Many Boards choose to use a 3-ring binder to hold all of the information because it is simple for the Board Member to add documents throughout his/her term of service. If you choose to use the 3-ring binder, it is helpful to go ahead and 3-hole punch all documents you pass out to the Board so that they may be easily entered into the notebook.

It is helpful to use section dividers when setting up the notebook so that Board Members can easily find documents. In order for Board Members to easily find specific documents, consider copying frequently referenced documents onto a different color of paper. For example, copy the agency's budget on green paper, or the Board Member job description onto yellow. This simple trick could save your Board minutes of wasted time spent flipping through the notebooks at each meeting.

Board Members should be encouraged to archive pieces of information that are out-of-date. For example, the previous year's fiscal statements don't need to be kept handy. Board Members can move them to a file folder that they don't reference often. Archiving will keep the bulk of the notebook to a minimum and will allow the Board Members to keep the most relevant information at their fingertips.

As long as the notebooks are streamlined and relevant, Board Members should bring them to each meeting. Agency Staff should refresh the notebooks periodically by passing out copies of any new agency brochures, updated Staff/Board rosters, and organizational chart.

Notes



Notes

Potential Board Manual Contents

Agency Information

- r Mission statement
- r Strategic plan
- r Articles of incorporation & bylaws
- r Calendar of organization's activities (include fundraisers, special events, volunteer trainings, etc.)
- r Description of agency's programs
- r Agency fact sheet & relevant statistics
- r Agency Annual Report
- r Agency brochures
- r Organizational chart

Board of Directors Information

- r Meeting calendar
- r List of current board members & contact information (*Indicate officers*)
- r List & description of committees (include members of each committee)
- r Board Member job description/contract
- r Copies of minutes from last 12 months of Board meetings

Financial Information

- r Financial reports for current fiscal year
- r Current budget
- r Fundraising plan



Liability

Part of the ongoing work of an organization's Board of Directors is to ensure the safety and security of the agency's assets, Staff and clients. Every Board should be committed to ensuring that Staff is treated respectfully, clients are never harmed, and the assets of the agency are protected. Although some types of insurance may protect the Board from incurring hefty fines or legal costs in the event that something goes wrong, avoiding financial penalties is not the main focus of risk reduction.

Every organization's Board should strive to reduce all types of risks; even though insurance may help stave off financial costs, the cost of harm coming to a client or a Staff member is not quantifiable. Part of the Board's work is to protect the organization, and in doing so the Board must protect the Staff and clients of the agency. The Board is responsible for ensuring that there are resources available for the agency to use to pursue its mission and goals. If the agency uses its energy and resources fending off wrongful termination lawsuits, certainly the agency is less able to pursue its true mission.

If the Board's main responsibility is to provide the support and governance necessary for an agency to pursue its mission, it must put safeguards in place to reduce risks that the organization may face. Some other goals the agency may strive for in determining risk reduction methods may include¹:

- Ensuring a safe environment for employees, volunteers, and clients,
- Reducing the anxiety and fear of liability of employees and volunteers,
- Conserving the assets of the organization,
- Ensuring compliance with legal requirements, and
- Ensuring that individuals harmed by the organization's activities receive adequate compensation.

Acquiring adequate insurance coverage cannot help the organization meet most of these goals. In fact, insurance can only help ensure that persons harmed by the organization's activities receive compensation. Organizations who strive to meet the all of the above goals are in fact looking to prevent potential harm.

Liability of Directors in Washington

Directors of nonprofit corporations in Washington are expected to uphold the duties of loyalty and care to their organizations.

These responsibilities are outlined in RCW 24.03.127:

A director shall perform the duties of a director, including the duties of any committee of the board upon which the director may serve, in good faith, in

Notes

Notes

a manner such director believes to be in the best interests of the corporation, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

The duty of loyalty, as stated in the first section of this handbook, requires that Board Members be faithful to the interests of the organization. In order to make decisions with the organization's best interests at heart, Board Members should fully disclose any potential conflicts of interest. A conflict of interest exists whenever it is possible for a director to derive a benefit, either direct or indirect, because of his or her position on the board.² If a Board Member identifies a potential conflict, he or she must fully disclose the interest to the Board, make sure that the disclosure is reflected in the minutes of the Board Meeting, and remove him or herself from further discussion on the issue about which he/she has a conflicting interest. The Board Member's abstention from further discussion and any vote on the issue should be recorded in the meeting minutes as well.

A Board Member, in exercising the duty of loyalty to an organization, should not take advantage of his/her position on the Board to seize an opportunity for personal benefit, at the expense of the organization. A director may not fail to disclose a corporate opportunity and instead take advantage of the opportunity him or herself.³ If a Board Member recognizes an opportunity that the organization may want to pursue, the Board Member must disclose that opportunity and not withhold the information in order to pursue it for personal benefit.

To further remain loyal to the organization, all directors should maintain confidentiality about the affairs of the corporation. The directors should be the allies and proponents of the organization; breaking the organization's confidentiality around sensitive issues (e.g., finances, personnel, donors) can affect the public perception and support of the agency.

The duty of care requires that Board Members make all decisions in good faith and "with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances," per RCW 24.03.127. Before making decisions, Board Members should make every effort to be informed, such as attending meetings, collecting information, and asking questions. In fact, "directors and officers must familiarize themselves with the affairs of the corporation they serve, and participate in board deliberations, or else risk liability for anything which they reasonably would have known or discovered had they properly discharged this duty."⁴



Liability

RCW 24.03.127, however, does allow Board Members to rely on information they have received from reliable parties. The Nonprofit Corporation Act States:⁵

In performing the duties of a director, a director shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by:

- (1) one or more officers or employees of the corporation whom the director believes to be reliable and competent in the manner presented;
- (2) counsel, public accountants, or other persons as to matters which the director believes to be within such person's professional or expert competence; or
- (3) a committee of the board upon which the director does not serve, duly designated in accordance with a provision in the Articles of Incorporation or Bylaws, as to matters within its designated authority, which committee the director believes to merit confidence; so long as, in any such case, the director acts in good faith, after reasonable inquiry when the need therefore is indicated by the circumstances and without knowledge that would cause such reliance to be unwarranted.

Types of liability

Organizations incorporate to create an entity outside of individual Board Members that can conduct business and engage in contracts. This corporation protects Board Members from personal liability on behalf of the organization.

Board Members continue to face two separate types of personal liability⁶:

- Third-party actions: the corporation and individual Board Members can be sued by persons who have suffered personal injury or incurred a financial loss as a result of their dealings with the organization.
- Derivative actions: other Board Members, members of the organization, or the state attorney general can bring a suit against Board Members seeking to hold them liable for breaches of their duties to the organization (duties of care, loyalty, and obedience).

Board Members are usually protected from any personal liability to third parties for acts of the organization. However, if the organization engages in illegal or fraudulent activities, Board

Notes

Notes

Members who participate in the activity may be held personally liable. Board Members may also be held accountable if they failed to exercise reasonable oversight of corporate affairs that ultimately cause harm.⁷ In Washington, RCW 4.24.264 immunizes directors and officers of any nonprofit corporation from liability to third parties for discretionary acts or failures to act unless the act or failure to act was a result of gross negligence. As an example, a former employee who claimed to have been wrongfully terminated could file a third-party claim alleging that the Members of the Board failed to set policies that adhere to fair employment practices.

Derivative actions may be brought against Board Members in the event that they breached their duties to the organization. Because only a few parties are entitled to bring derivative actions (only other Board Members, members of the organization, or the state attorney general), these claims are relatively rare. A member of the organization who claims that a Board Member invested the organization's resources carelessly may sue a Board Member. In this case, the plaintiff would need to show injury to the organization and prove that the Board Member was negligent.⁸

Directors and Officers

Reprinted with permission from The Nonprofit Board's Role in Risk Management: More Than Buying Insurance. National Center for Nonprofit Boards. Washington, D.C. 1990.

The protection of directors and officers presents a special problem because their activities and perhaps their personal resources may make them attractive litigation targets. The personal liability of directors and officers differs substantially from state to state. The traditional rule has been that directors and officers are personally liable for a breach of their duties of care, loyalty, or obedience to the organization. In some states, this traditional rule has been changed by legislation that either reduces the standard of care, e.g., imposes liability only if harm results from intentional misconduct rather than from simple negligence, or provides a good faith defense. Although passed to protect the personal assets of directors and officers, some of these laws may not have that effect because they are badly drafted or unconstitutional. The best method of reducing the risk of a lawsuit is the prudent exercise of authority in meeting the responsibilities of leadership. Residual risks may be dealt with through indemnification or insurance.

The essence of indemnification is that an organization will use its resources to protect board members and officers from personal



Liability

liability for actions undertaken within the scope of their duties. Through indemnification, a suit against an individual acting on behalf of an organization would result in the organization rather than the individual paying the defense costs and any settlement or judgment in favor of the claimant. Many states permit indemnification only as provided for in an organization's charter or bylaws.

The utility of indemnification is limited in several respects. First, most states do not allow indemnification unless the director prevails in defending a claim, and indemnification is improper in situations where a director breaches certain duties to the organization. Indemnifying an officer who misappropriated funds or otherwise benefited at the organization's expense would be ludicrous. Personal liability for fines and punitive damages may not be indemnified because of the public interest in holding individuals responsible when they willfully violate established rules. Finally, indemnification is only as good as the source of funds earmarked to finance the indemnity. For an organization with few assets, indemnification may be of little or no value.

General liability policies cover some losses that directors and officers may cause. These policies typically pay if their action causes property damages or bodily injury to another party, and some offer even broader coverage. For harm resulting from executive decision-making, directors and officers insurance (D&O) or association professional liability (APLI) is necessary. Association professional liability insurance provides the equivalent of D&O coverage for suits against directors and officers plus protection for the organization itself.

Directors and officers insurance provides two separate forms of coverage that dovetail with indemnification (and should be coordinated with the indemnification provisions in an organization's bylaws). The first form of coverage pertains to the personal liability of the directors and officers. Thus, D&O insurance may protect a director or officer even when indemnification would be impermissible. Additionally, the policy covers expenses that an organization may incur in the course of resolving a claim against its directors and officers.

Although D&O insurance provides substantial protection, coverage exclusion limits its utility as a risk-management tool. Directors and officers policies commonly exclude the following:

- Fines and penalties imposed by law;
- Libel and slander;
- Personal profit;
- Dishonesty;
- Failure to procure or maintain insurance;
- Claims arising under the Employee Retirement Income

Notes

Notes

- Security Act;
- Bodily injury and property damage claims;
- Pollution claims; and
- Suits by one board member against another.

Exactly what D&O insurance does cover depends on the terms of the particular policy. Directors and officers insurance policies are commonly written on a claims-made basis. Unlike most general liability policies, D&O policies usually do not provide for the insurer to defend against a claim. The organization or individual sued must first pay attorney's fees and then seek reimbursement from the insurer. Terms of specific policies vary considerable, making further generalization impossible.

¹ pg. 3, Tremper, Charles and Babcock, George. The Nonprofit Board's Role in Risk Management: More Than Buying Insurance. National Center for Nonprofit Boards. Washington, D.C. 1990.

² pg. 41, Salzarulo, Lori. "Liability Issues." Public Charities in Washington. Lorman Education Services. Eau Claire, Wisconsin. 1998.

³ Ibid, pg 43.

⁴ Ibid, pg. 48

⁵ taken from RCW 24.03.127

⁶ pg. 3 Leifer, Jacqueline C. and Glomb, Michael B. The Legal Obligations of Nonprofit Boards. National Center for Nonprofit Boards. Washington, D.C. 1997.

⁷ Ibid, pg. 3

⁸ Ibid. pg 4

Board Member Job Description

Position Summary:

The Board of Directors is responsible for ensuring that the organization is well-managed and financially responsible. The Board is the governing body of the organization and is responsible for establishing the mission and goals for the organization. In addition, the Boards set the organization's policies which provide the parameters for the agency's work.

General Responsibilities (for entire Board):

1. To ensure the organization is responsibly managed (in accordance with the organization's by-laws and policies) and is compliant with legal and contract requirements.
2. To ensure that the organization has the resources it needs to pursue its goals. In order to fulfill this responsibility, Board Members must determine how the organization will raise funds, participate in fund-raising events, donate money, recruit and solicit donors, and identify potential funding sources.
3. To ensure that the resources of the organization are raised and spent in a responsible manner. Board Members must help create or approve the agency budget, set financial policy, acquire adequate insurance, and arrange for an annual financial audit.
4. To hire and supervise the Executive Director.
5. To serve as the organization's representatives in the community.
6. To determine the program priorities for the organization. To fulfill this responsibility, Board Members must establish the organization's strategic plan and long term goals. In addition, the Board must evaluate the organization's progress towards its goals.
7. To evaluate and assess Board composition, identify and recruit potential Board Members.

Individual Responsibilities:

1. To make a personal commitment to the mission of the organization.
2. To regularly attend Board and committee meetings.
3. To disclose any conflicts of interest as they arise.
4. To stay informed about the goings-on of the organization, including reading financial and program reports.
5. To donate financial resources to the organization and to identify potential donors/funding sources.
6. To participate in special events of the organization.
7. To attend Board training events in order to obtain continuing education.
8. To work with the Board and Staff to strive towards the goals of the organization.

Board Member Contract

I agree to serve the Board of Directors of the Community Sexual Assault Program (CSAP). I understand that I have a responsibility to ensure that the organization is well-managed and financially sound as it pursues its mission and goals.

As a Board Member, I will:

1. Commit my support to the mission of the CSAP.
2. Attend at least 75% of Board Meetings, committee meetings, and special events.
3. Disclose any conflicts of interest as they arise.
4. Stay informed about the work of the organization. I will regularly read programmatic and financial reports and request additional information or ask questions as necessary.
5. Donate financial resources to the CSAP and will work to identify potential donors and funding sources.
6. Obtain on-going training to increase my ability to serve the CSAP as a Board Member.
7. Work with the Board and Staff to strive towards the goals of the organization.

Signed:

Date _____

Date _____

Community Sexual Assault Program Board of Directors Application

Name: _____

Address: _____

Place of work: _____

Business Address: _____

Phone: _____ (home) _____ (work)

Fax: _____ (home) _____ (work)

Email: _____

Preferred method of contact: email work
 telephone home
 mail

Organization Affiliations/Memberships: _____

Please list any prior experience you have had on other Boards of Directors: _____

What skills and areas of interest do you bring to the Community Sexual Assault Program? _____

**Community Sexual Assault Program
Board Orientation
January 15, 2000
X - Y PM**

Agenda

- I. Welcome & Introductions (X minutes)
2. Introduction to our Community Sexual Assault Program (X minutes)
 - A. Review of mission statement
 - B. Agency structure
 - C. Agency goals & objectives
 - D. Programs
 - E. Method of Operation
 - F. Finances
3. About Sexual Violence (X minutes)
 - A. Dynamics of sexual abuse/assault
 - B. Relevant community resources
 - C. Response of medical, legal, and social service communities
4. About the Board of Directors (X minutes)
 - A. Job Descriptions
 - B. Officers
 - C. Meetings
 - D. Strategic Plan
 - E. Fundraising

Form to use in taking minutes at a Board Meeting

Community Sexual Assault Program
Board Meeting
January 15, 2000

Attendees:

Absent:

Old Business:

- 1.
- 2.
- 3.

Action Taken:

- 1.
- 2.
- 3.

New Business:

- 1.
- 2.
- 3.

Action Taken:

- 1.
- 2.
- 3.

Committee Reports:

Finance:

Personnel:

Fundraising:

Executive:

Nominating:

Bibliography

Axelrod, Nancy. The Chief Executive's Role in Developing the Nonprofit Board. National Center for Nonprofit Boards. Washington, D.C. 1996.

Building Boards that Work: Video Workshop User's Guide. National Center for Nonprofit Boards. Washington, D.C. 1999.

Chait, Richard P. How to Help Your Board Govern More and Manage Less. National Center for Nonprofit Boards. Washington, D.C. 1994.

Chait, Richard P.; Holland, Thomas P.; Taylor, Barbara E. Improving the Performance of Governing Boards. Onyx Press. Phoenix Press. 1996.

Dalsimer, John Paul. Understanding Nonprofit Financial Statements. National Center for Nonprofit Boards. Washington, D.C. 1996.

Dorsey, Eugene C. The Role of the Board Chairperson. National Center for Nonprofit Boards. Washington, D.C. 1992.

Hirzy, Ellen Cochran. The Chair's Role in Leading the Nonprofit Board. National Center for Nonprofit Boards. Washington, D.C. 1998.

Howe, Fisher. Fundraising and the Nonprofit Board. National Center for Nonprofit Boards. Washington, D.C. 1989.

Ingram, Richard T. Ten Basic Responsibilities of Nonprofit Boards. National Center for Nonprofit Boards. Washington, D.C. 1996.

Kurtz, Daniel L. How to Manage Conflicts of Interest. National Center for Nonprofit Boards. Washington, D.C. 1995.

Lang, Andrew S. Financial Responsibilities of the Nonprofit Board. National Center for Nonprofit Boards. Washington, D.C. 1998.

Leifer, Jacqueline C. and Glomb, Michael B. The Legal Obligations of Nonprofit Boards. National Center for Nonprofit Boards. Washington, D.C. 1997.

Masaoka, Jan. Action Handbook for Boards. The Support Center for Nonprofit Management/ National Minority AIDS Council. San Francisco, CA. 1995.

Nelson, Judith Grummon. Six Keys to Recruiting, Orienting, and Involving Nonprofit Board Members. National Center for Nonprofit Boards. Washington, D.C. 1998.

Overton, George W., Editor. Guidebook for Directors of Nonprofit Corporations. American Bar Association. Chicago, IL. 1993.

Salzarulo, Lori. "Liability Issues." Public Charities in Washington. Lorman Education Services. Eau Claire, Wisconsin. 1998.

Scribner, Susan M. Boards from Hell. Scribner and Associates. Long Beach, CA. 1991.

Simmons, Karen and Stern, Gary J. Creating Strong Board-Staff Partnerships. National Center for Nonprofit Boards. Washington, D.C. 1999.

Tremper, Charles and Babcock, George. The Nonprofit Board's Role in Risk Management: More Than Buying Insurance. National Center for Nonprofit Boards. Washington, D.C. 1990.

Resources

Organizations & web sites

General Nonprofit Management

Technical Assistance for Community Services
1903 Southeast Ankeny
Portland, OR 97214
(503) 239-4001
www.tacs.org

Washington Coalition of Sexual Assault Programs
2415 Pacific Avenue SE, Suite 10-C
Olympia, WA 98501
(360) 754-7583
www.wcsap.org

Evergreen State Society
www.nonprofits.org/npofaq

InnoNet NonProfit Toolbox
www.inetwork.org

Nonprofit Genie Homepage
www.genie.org

The Management Assistance Program for Nonprofits
www.mapnp.org

The Nonprofit Resource Center
<http://www.1800net.com/nprc/>

Board of Directors

National Center for Nonprofit Boards
Suite 900
1828 L Street, NW
Washington, D.C. 20036-5104
1-800-883-6262
www.ncnb.org

Personnel

Washington Employers, Inc.
2940 Fairview Avenue East
P.O. Box 12068
Seattle, WA 98102
(206) 329-1120

Grantwriting

Council on Foundations
www.cof.org
The Foundation Center
www.fdncenter.org

Victim-Centered Resources

National Organization of Victim Assistance
1757 Park Road NW
Washington, D.C. 20010
1-800-879-6682

The Office of Crime Victim Advocacy
906 Columbia Street SW
PO Box 48304
Olympia, WA 98504-8304
1-800-822-1067

Washington Coalition of Sexual Assault Programs
2415 Pacific Avenue Southeast, Suite 10-C
Olympia, WA 98501
(360) 754-7583
www.wcsap.org