

Board Policies Manual (BPM) for [your organization’s name]

XYZ ORGANIZATION

PART 1: INTRODUCTION AND ADMINISTRATION

- 1.1 Alignment.** Each Board-adopted policy in this document is expected to be consistent with the law, the Articles of Incorporation of (your organization), and the Bylaws, all of which have precedence over these Board policies.
- 1.2 Executive Director.** The ED will be held accountable for developing all other organizational policies and procedures, which are to be consistent with these foundational documents and policies contained in this BPM.
- 1.3 Changes.** Changes to the BPM may be made at any Board meeting, based on monitoring activities and the assumption that the Board continually grows in wisdom. Except for time-limited or procedural-only policies (approve minutes, elect officers, etc.), which are recorded in regular Board minutes, all new “policies” approved by the full Board will be included in an updated version of this Manual. Recommendations may come from any committee, Trustee, or the ED.
- 1.4 Review.** The Board will undertake a thorough review of the Manual every third year. The purpose of the review is to identify policies that need to be updated or rewritten or new policies that need to be added, and to recommend the text of proposed changes. The review of the Manual is to be accomplished by the officers and committees of the Board. The officers and committees most closely involved with the specific policies are assigned responsibility for reviewing those policies and for proposing the text of the revisions or new policies deemed necessary. The Chair, ED, and Secretary are to be available for consultation.
- 1.5 Notice.** In advance of each Board meeting, the ED shall send a copy of the current policies to the Board, showing language recommended to be deleted by use of the strike-through and language recommended to be added using underlines. Each revision of the document should be clearly identified both at the top of the first page and in the footers.
- 1.6 Placement.** Each new policy will be drafted to fit within the most logical policy section listed below. Over time, the Board can reduce or add to the specificity of its policies.
- 1.7 Oversight Responsibilities.** The sections of the Manual, the committee responsible for overseeing and making recommendations to the Board, and the individuals given authority to interpret and make decisions within the scope of, but not violating these policies, are:

SECTION	OVERSIGHT COMMITTEE	AUTHORITY
1. Introduction and Administration	Full Board	Chair
2. Foundational Statements	Full Board	ED
3. Governance Process	Board Development	Board Chair
4. Board-Administration Relationship	Chair/ED	Chair/ED
5. Finances	Finance	ED
6. Executive Parameters/Limitations	Full Board	Chair
7. Other Policies	Full Board	ED

1.8 Maintenance of Policies. The Secretary will oversee the recording and publication of these policies. The Secretary will maintain the policies on computer and provide updated copies to the Board in advance of each meeting. This Manual may be amended at any Board meeting. While all of the official policies are contained in this Manual, other documents relevant to the Board’s work will be kept in the Board Reference Book available at every Board meeting. The Secretary shall review this BPM at least annually to ensure compliance with the law.

1.9 Context of Different Policies. This BPM fits into a hierarchy of policies within which authority flows down and accountability flows up. The Board is accountable for levels 1-4. The ED is accountable for levels 5 and 6. No level may be inconsistent with the levels above it.

1. Laws and Applicable Regulations
2. Articles of Incorporation
3. Bylaws
4. Board Policies Manual
5. ED-approved Organizational Policies
6. Policies Set by Managers Under the ED

PART 2: FOUNDATIONAL DOCUMENTS

2.1 Our **vision** is ...

2.2 Our **mission** is ...

2.3 Our **core values** are ...

2.4 Strategic Plan. The board is expected to think strategically at all times. The ED will develop a strategic plan, update it as necessary, and provide a revised version to the board by [insert a date] each year.

PART 3: BOARD STRUCTURE AND PROCESSES

3.1 Governing Style. The board will approach its task with a style that emphasizes outward vision rather than an internal preoccupation, encouragement of diversity in viewpoints, strategic leadership more than administrative detail, clear distinction of board and staff roles, and pro-activity rather than reactivity. In this spirit, the board seeks to:

3.1.1 Enforce upon itself and its members whatever discipline is needed to govern with excellence. Discipline may apply to matters such as attendance, respect of clarified roles, maintaining confidentiality, leaving questions about organizational activities and issues to the ED, speaking to management and the public with one voice, and self policing of any tendency to stray from the governance structure and process adopted in these board policies.

3.1.2 Be accountable to its stakeholders and the general public for competent, conscientious and effective accomplishment of its obligations as a body. It will allow no officer, individual, or committee of the board to usurp this role or hinder this commitment.

3.1.3 Monitor and regularly discuss the board's own process and performance, seeking to ensure the continuity of its governance functions by selection of capable directors, orientation and training, and evaluation.

3.1.4 Be an initiator of policy, not merely a reactor to staff initiatives. The board, not the staff, will be responsible for board performance.

3.2 Board Job Description. The job of the board is to lead the organization toward desired performance and help ensure that it occurs. The board's specific contributions are unique to its trusteeship role and necessary for proper governance and management. To perform its job, the board will endeavor to:

3.2.1 Determine the mission, values, strategies, and major goals/outcomes and hold the ED accountable for developing a staff strategic plan based on these policies.

3.2.2 Determine the parameters within which the ED is expected to achieve the goals/outcomes.

3.2.3 Monitor the performance of the organization relative to the achievement of the goals/outcomes within the executive parameters.

3.2.4 Maintain and constantly improve all on-going board policies in this BPM.

3.2.5 Select, fairly compensate, nurture, evaluate annually and, if necessary, terminate a ED, who functions as the board's sole agent.

3.2.6 Ensure financial solvency and integrity through policies and behavior (including help as volunteers in fundraising).

3.2.7 Require periodic financial, legal, and other external audits to ensure compliance with the law and good practices.

3.2.8 Evaluate and constantly improve our board's performance and set expectations for board members' involvement as volunteers.

3.3 Board Member Criteria. In nominating members for the board, the Governance Committee will be guided by the board-approved profile. (See Addendum).

3.4 Orientation. Prior to election, each nominee will be given this BPM along with adequate briefings on the role of the board, officers, and staff, and an overview of programs, plans, and finances. Soon after election, each new board member will be given additional comprehensive orientation material and training.

3.5 Chair's Role. The job of the Chair is, primarily, to maintain the integrity of the board's process. The Chair "manages the board" and is the only board member authorized to speak for the board (other than in rare and specifically board-authorized instances).

The Chair ensures that the board behaves consistent with its own rules and those legitimately imposed upon it from outside the organization. Meeting discussion content will be those issues that, according to board policy, clearly belong to the board to decide, not staff.

The authority of the Chair consists only in making decisions on behalf of the board that fall within and are consistent with any reasonable interpretation of board policies in Parts III and IV. The Chair has no authority to impose policies beyond policies created by the board. Therefore, the Chair has no authority to

supervise or direct the ED's work, but is expected to maintain close communication, offer advice, and provide encouragement to the ED and staff on behalf of the board.

3.6 Board Meetings. Ideally, board events often will include time for guest presenters, interaction with staff and beneficiaries, board training, committee meetings, social activities, and plenary business sessions. Policies that are intended to improve the process for planning and running meetings follow:

3.6.1. The schedule for board meetings should, ideally, be set two years in advance.

3.6.2. The ED will work with the Chair and committee chairs in developing agendas which, along with background materials for the board and committees, monitoring reports, the ED's recommendations for changes in the BPM, previous minutes, etc. should be sent to all board members approximately two weeks in advance of board meetings or placed on the board's website.

3.6.3 Minutes and the updated BPM are expected to be sent to board members within 14 days of board meetings (or placed on the board's website).

3.6.4 Regular board meetings normally will be held ___ times a year in the months of ____, ____, and ____, preceded by a reminder notice approximately ___ days in advance of the meeting date. The ___ meeting normally will include a review of the planning and budgeting for the upcoming year. The ___ meeting normally will include a review of the performance of the ED and the organization for the past year. Special meetings of the board can be called according to the Bylaws [*if not in the Bylaws, define that process here*].

3.6.5 The Governance Committee will prepare a meeting evaluation survey for completion by each board member who attends the board meeting. The completed surveys will be reviewed, analyzed, and summarized by the Governance Committee, which will then report the results of the meeting evaluation to the board members within two weeks of the board meeting.

3.7 Standing Committees. Committees help the board be effective and efficient. They speak "to the board" and not "for the board." Unless authorized by the whole board, a committee may not exercise authority that is reserved to the whole board by the Bylaws or by the laws of [name of state] governing not-for-profit organizations. Committees are not created to advise or exercise authority over staff. Once committees are created by the board, the board Chair will recommend committee chairs and members for one-year terms, subject to board approval.

The board Chair and the ED are *ex officio* members of all committees except the Audit and Compliance Committee. The ED, or a designee, will assist the work of each committee.

3.7.1 **Governance Committee.** This committee recommends policies to the board pertaining to governance issues and processes including the orientation and training of new board members, the evaluation and improvement of the contribution of individual board members and officers, and the recommendation of Bylaw changes. The committee will also develop a roster of potential board members based on the board profile and nominate all board members and officers.

3.7.2 **Finance Committee.** This committee develops and recommends to the board those financial policies, plans, and courses of action that provide for mission accomplishment and organizational financial well-being.

Consistent with this responsibility, it reviews the annual budget and submits it to the board for its approval. In addition, the committee makes policy recommendations with regard to the level and terms of indebtedness, cash management, investment policy, risk management, financial monitoring and reports, employee benefit plans, signatory authority for expenditures and other policies for inclusion in this BPM that the committee determines are advisable for effective financial management.

- 3.7.3 **Audit and Compliance Committee.** This committee oversees the organization's internal accounting controls; recommends external auditors for board approval; reviews the external auditors' annual audit plan; and reviews the annual report, management letter, and the results of the external audit. The committee, or its delegate, should have an annual private conversation with the auditor and, as appropriate, legal counsel, all of whom may be contacted by the committee chair directly. In addition, the committee provides oversight of regulatory compliance, policies and practices regarding corporate responsibility, and ethics and business conduct-related activities, including compliance with Federal, state, and local laws governing tax-exempt entities. The committee oversees written conflict of interest policies and procedures of directors and officers and staff. (**NOTE:** *Many small nonprofits merge the Finance and Audit functions into one committee, although separating them is a trend in best practices.*)
- 3.7.4 **Advancement Committee (optional).** This committee studies and recommends policies relating to communications and public relations as well as policies relating to raising financial and other resources for the organization.
- 3.7.5 **Programs Committee (optional).** This committee studies and recommends board-level policies relating to programs and services of the organization.
- 3.7.6 **Executive Committee (optional).** This committee includes the Chair, other officers, and the Chairs of the other committees in Section 3.7. Except for the actions enumerated below, it has authority to act for the board on all matters so long as the Executive Committee determines that it would be imprudent to wait for the next board meeting to take such action. With respect to any action taken on behalf of the board, (1) the Executive Committee is required to report the action to the board within 10 days, and (2) the board may ratify the action at the next board meeting.

The Executive Committee is **not** authorized to make decisions with respect to the following matters:

- 3.7.6.1 Dissolve the corporation
- 3.7.6.2 Hire or fire the chief executive
- 3.7.6.3 Enter into major contracts or sue another entity
- 3.7.6.4 Make significant changes to a board-approved budget
- 3.7.6.5 Adopt or eliminate major programs
- 3.7.6.6 Buy or sell property
- 3.7.6.7 Amend the Bylaws
- 3.7.6.8 Change any policies the board determines must require a board vote.

3.7.7 *[Optional: Insert other board-created committees and their areas of responsibility]*

3.8 Advisory Groups, Councils, and Task Forces. To increase its knowledge base and depth of available expertise, the board supports the use of groups, councils, and task forces of qualified advisers. The term "task force"

refers to any group appointed by the ED or the Chair to assist him or her in carrying out various time-limited goals and responsibilities. Although either the Chair or the ED may form a task force, he or she should notify the board of its formation, purpose and membership within 10 days of its formation. The ED may assign a senior staff member to serve advisory groups.

- 3.9 Board Members' Code of Conduct.** The board expects of itself and its members ethical and businesslike conduct. Board members must represent unconflicted loyalty to the interests of the entire organization, superseding any conflicting loyalty such as that to family members or friends, a business, advocacy or interest groups and membership on other boards or staffs. See 9.1.

Board members will make no judgments of the ED or staff performance except as the performance of the ED is assessed against explicit board policies and agreed upon written personal and professional performance objectives following each annual performance review of the ED by the board.

Each board member is expected to complete and sign an Annual Affirmation and Conflict of Interest Statement, which covers, inter alia, board conflicts of interest, in accordance with the laws of [the State] governing not-for-profit organizations, and other expectations of board members.

- 3.10 Board Finances.** Every board member (other than the ED/staff) is expected to serve as an unpaid volunteer and be a donor of record in the first quarter of each calendar year. Expenses incurred to fulfill board activities normally can be an individual tax deduction; however, any board member may submit for reimbursement any expenses incurred to attend board or committee meetings.

PART 4: BOARD – ED/STAFF RELATIONSHIP

- 4.1 Delegation to the ED.** While the board job is generally confined to establishing high-level policies, implementation and subsidiary policy development is delegated to the ED.

4.1.1 All board authority delegated to staff is delegated through the ED, so that all authority and accountability of staff as far as the board is concerned is considered to be the authority and accountability of the ED.

4.1.2 Organizational Essentials policies (Part 2) direct the ED to achieve certain results. Executive Parameters policies (Part 5) define the acceptable boundaries of prudence and ethics within which the ED is expected to operate. The ED is authorized to establish all further policies, make all decisions, take all actions, and develop all activities as long as they are consistent with laws and regulations and any reasonable interpretation of the board's policies in this BPM.

4.1.3. The board may change its policies during any meeting, thereby shifting the boundary between board and ED domains. Consequently, the board may change the latitude of choice given to the ED, but so long as any particular delegation is in place, the board and its members will respect and support ED choices. This does not prevent the board from obtaining information in the delegated areas.

4.1.4 Except when a person or committee has been authorized by the board to incur some amount of staff time and expense for study of an issue, no board member, officer, or committee has authority over the ED or the ED's employees. Only officers or committee chairs may request information, but if such request in the ED's judgment requires a material amount of staff time or funds or is disruptive, it may be refused until the Chair determines that the work is critical for board work and should be completed.

4.2 ED Job Description. As the board's single official link to the operating organization, ED job performance will be considered to be synonymous with organizational performance as a whole. Consequently, the ED's job contributions can be stated as performance in two areas: (a) organizational accomplishment of the major organizational goals in Section 2.5, and (b) organization operations within the boundaries of the law, prudence and ethics established in board policies on Executive Parameters in Part 5.

4.3 Communications and Counsel to the Board. With respect to providing information and counsel to the board, the ED is expected to keep the board informed about matters essential to carrying out its policy duties. Accordingly, the ED is expected to:

- 4.3.1 Report to the chair any personal actions or behavior which could potentially discredit the integrity of the ED and/or the organization. The chair and the ED are expected to report such things to the board, engage outside counsel as appropriate, and handle in the best interests of the organization. If the board finds the ED's actions unethical or immoral, suspension or termination may be the result.
- 4.3.2 Inform the board of relevant trends, material external and internal changes, particularly changes in the assumptions upon which any board policy has previously been established, always presenting information in as clear and concise formats as possible.
- 4.3.3 Relate to the board as a whole except when fulfilling reasonable individual requests for information or responding to officers or committees duly charged by the board.
- 4.3.4 Report immediately any actual or anticipated material noncompliance with a policy of the board, along with suggested modifications to this BPM for the future.

4.4 Monitoring Executive Performance.

The purpose of monitoring is to determine the degree to which the mission is being accomplished and board policies are being fulfilled. Information that does not do this is not considered monitoring. Monitoring will be as automatic as possible, using a minimum of board time so that meetings can be used to affect the future rather than to review the past. A given policy may be monitored in one or more of three ways:

- 4.4.1 Direct board inspection: Discovery of compliance information by a board member, a committee, or the board as a whole. This includes board inspection of documents, activities, or circumstances that allows a "prudent person" test of policy compliance.
- 4.4.2 External report: Discovery of compliance information by a disinterested, external person or firm who is selected by and reports directly to the board. Such reports must assess executive performance only against legal requirements or policies of the board, with suggestions from the external party as to how the organization can improve itself, including changes to this BPM.
- 4.4.3 ED Reports: The ED is expected to help the board determine what tracking data are possible to measure progress/outcomes in achieving the mission and goals and conforming with board policies. Currently the board requests these regular monitoring reports, in addition to any specific reports requested in other sections of the BPM:
 - 4.4.3.1 Monthly: Informal ED reports on achievements, problems, board notices, etc.

- 4.4.3.2 Quarterly: (A) One or two-page “dash board” report showing agreed upon key indicators that track designated financial and program outcomes over a three-year period in graphic form; (B) [Insert any other summary reports the board may define here.]
- 4.4.3.3 Semi-Annually: (A) Expense and revenue against budget report with comparison to previous year; (B) Balance sheet; (C) Cash flow projections; (D) [Insert other reports that the board may define.]
- 4.4.3.4 Annual: Within 45 days of the end of the fiscal year, with respect to that year: (A) End of year expense and revenue against budget; (B) Balance sheet; (C) Staff organization chart (or whenever major changes are made); (D) [Insert other reports that the board may define.]

4.5 Annual ED Performance Review. A performance evaluation task force, comprising the board Chair, Vice Chair, and the Chair of the Governance Committee is expected to oversee a formal evaluation of the ED annually, focused on achievement of organizational goals and any other specific goals the board and ED have agreed upon in advance, as well as the ED’s own written self evaluation and invited comments from all board members after they have seen the self-evaluation. The Chair will normally serve as Chair of the task force. After meeting with the ED, the task force will report on its review to the board, including recommendations on the ED’s compensation, which the Executive Committee or the board will then act upon.

During this process, the ED and the board will agree on any specific, personal performance goals for the year ahead. These goals should be documented in a letter to the ED from the board Chair and will become the primary basis for assessing the ED’s performance at the end of the next year. At least every three years, the task force may consider inviting other input in a carefully planned “360” review, including feedback from staff, peers in our sector, and individuals outside the organization who have interacted with the ED.

4.6 Staff Treatment and Compensation. With respect to treatment of paid and volunteer staff, the ED should build a climate of trust and determine policies based on competent legal counsel. The ED is expected to hire, train, motivate, compensate, and terminate staff in a professional and caring fashion. Salaries will be set within between X% and Y% of the mean for salaries of organizations of similar size, budget, and location according to well-respected and relevant survey data. Benefits will include _____ (fill in). The ED is expected to (A) develop and maintain an employee manual that is reviewed periodically by competent legal counsel and (B) provide copies to the board for information around April 1 of each year.

4.6.1 Staff Surveys. The ED is expected to arrange for an annual, or biennial, third-party survey to measure over time the health of our workplace culture consistent with our values, including feedback on perceptions of and trust in the board and ED. A full report for board discussion should lead to better ED and board policies and reduce the amount of ad hoc, inappropriate board member engagement with staff other than the ED.

4.7 ED Transitions. At any time, the Chair may appoint a succession/transition task force to explore options and propose strategies and board policies related to succession and transition of the ED and to facilitate any special needs of the outgoing and incoming EDs and their families. The incumbent ED should give the board, if possible, a ___-month notice of intent to leave that office. Any need for an acting or interim ED will be considered and determined by the board. At this time, the board designates _____ to serve in an Acting ED role whenever there is an immediate need. The board Chair is authorized, as soon as a vacancy or scheduled departure of the ED is known, to appoint a search committee and committee chair. The search committee may include up to ___ people not on the board, including _____. The committee is expected,

within 30 days, to recommend for board approval a position announcement, a recommendation on any search consultant, the appointment of a search secretary, and a budget for the search. The search committee should present one or two qualified candidates to the full board for selection. A special task force appointed by the Chair will, at the time of selection, negotiate the new ED's compensation and service agreement and give both the incumbent and successor ED any special performance priorities from the board. After he/she leaves the organization, the outgoing ED may be given a paid role, but only at the initiative of the new ED after consultation with board officers.

4.8 Budget. Until the board decides otherwise, the annual budget will be considered a management tool. As such, it can be changed within the board's parameters at any time with notice to and access by any board member whenever changes exceeding 1% are made by the ED. The principle expectation is that the budget will reflect the mission and goals of the organization, within the parameters of Section 5 below.

4.9 Other ED Expectations. The ED is expected to:

- 4.9.1 Develop a succession plan for senior leadership positions to be presented to the board in executive session annually.
- 4.9.2 Create and allow the board to review, all policies and documents that the federal or state governments recommend and request in their reporting/filings, such as the IRS Form 990.
- 4.9.3 Notify board members whenever any new governance-important document is available for board review according to the agreed upon system in 1.7.

PART 5 – EXECUTIVE PARAMETERS

(NOTE: The sections in this Part will look vastly different for each organization, but this template provides useful ideas on what might be drafted to fit your organization. Over time, you will be doing more editing, deleting and adding numbered sections and sub-sections in this Part than in most of the other Parts.)

The purpose of Part 5 (with its several sections) is to detail those Executive Parameters that will guide the ED and the staff as they accomplish the mission. These parameters are intended to free the ED and staff to make timely decisions without undue board directives. For simplicity of use, we have numbered the major sections below according to the major functions of our organization and our committee structure, understanding that we may choose to add, merge or delete such sections in the future.

Overall, the board expects that the ED will do nothing that is illegal, unethical, immoral, or clearly imprudent. The ED is expected to develop and, when necessary, seek board review and/or approval, of documents required or urged upon us by government agencies such as the IRS and other accrediting or financial standards organizations applicable to our organization. Beyond these expectations, the board details its Executive Parameters in the following sections.

SECTION 5. FINANCE PARAMETERS

5.1 Finance General. The ED must ensure that the financial integrity of the organization is maintained at all times, plus

- 5.1.1 Exercise proper care in the receiving, processing, and disbursing of funds;

5.1.2 Ensure that the end-of-year financials show at least a 1% addition to reserves;

5.1.3 Ensure that financial and non-financial assets are appropriately protected.

5.2 Financial Controls. The ED must exercise care in the accounting for and protecting the financial assets of the organization. To this end, the ED is expected to incorporate generally accepted principles of accounting and internal controls in the financial systems that are employed in the organization. In addition, the ED may not:

5.2.1 Receive, process, or disburse funds under controls insufficient to meet the board appointed auditor's standards.

5.2.2 Approve an unbudgeted expenditure or commitment of greater than \$_____ without approval of the full board.

5.2.3 Approve an unbudgeted expenditure or commitment of \$_____ without approval of the Finance Committee.

5.3 Asset Protection. The ED may not allow assets to be unprotected, inadequately maintained, or unnecessarily risked. Accordingly, the ED may not:

5.3.1 Fail to insure against theft and casualty losses to at least 80 percent replacement value and against liability losses to board members, staff, or the organization itself beyond the minimally acceptable prudent level.

5.3.2 Allow non-bonded personnel access to material amounts of funds.

5.3.3 Subject office and equipment to improper wear and tear or insufficient maintenance.

5.3.4 Unnecessarily expose the organization, its board, or staff to claims of liability.

5.3.5 Make any major purchase of over \$_____ without sealed bids or other demonstrably prudent acquisition of quality goods, or any purchase of over \$_____ without written record of competitive prices, or any purchase wherein normally prudent protection has not been given against conflict of interest.

5.3.6 Acquire, encumber, or dispose of real property without board approval.

5.4 Investment Principles. The ED may not invest or hold operating capital in insecure instruments, including uninsured checking accounts and bonds of less than AA rating, or in non interest bearing accounts except where necessary to facilitate ease in operational transactions.

SECTION 6. PROGRAM PARAMETERS

In general, the ED is expected to establish, maintain, and eliminate programs and Services as will best achieve the mission and goals in the most effective and efficient manner.

6.1 New programs should be projected to serve at least _____ people.

6.2 New programs with an expected budget exceeding \$_____ must be approved by the board. Those programs now approved include: *[fill in]*

- 6.3 Programs with costs of more than \$_____ should be assessed for effectiveness by an outside evaluator at least every ____ years, with a written report made available to the board.
- 6.4 Any program executed in partnership with another organization should be _____.

SECTION 7. ADVANCEMENT PARAMETERS

The various efforts to represent the organization to the public (media, public relations, fundraising, new member recruitment, etc.) are expected to be integrated sufficiently so that the organization's brand/positioning in the external world is positive and effective.

- 7.1 Fund Raising Strategy.** The ED is expected to develop and maintain a fund- raising plan which, at a minimum, includes direct mail, major donor initiatives, planned giving, and web-based giving. Such plan should be provided to board members for review each March, along with results for each initiative. Total direct and indirect expenses for fundraising are not expected to exceed ____% of the total budget.
- 7.2 Donor Bill of Rights.** The ED is expected to develop and provide the latest version to the board, a Donor Bill of Rights, which should include, inter alia, the following restrictions, i.e., the ED may not allow the names of donors to be revealed outside the organization; represent to a donor that an action will be taken that violates board policies; fail to honor an enforceable restriction from a donor; or fail to confirm receipt of a donor's contribution and send him/her an annual summary of donations. The ED is expected also to ensure that we attempt to honor donors' requests and statements of desire as to how their donations are used so long as applicable circumstances allow, provided that those donors are adequately informed that their requests and statements of desire do not constitute binding obligations on the organization, and that the organization retains ultimate discretion and control over use of their donations.
- 7.3 Training.** The ED should provide for appropriate board and staff periodic training in new fundraising techniques and budget for such expenses.
- 7.4 Public Affairs.** The ED is expected to exercise care in representing that we are a charitable, mission-centered, listening organization and develop policies and procedures for communicating with primary stakeholders and the public at large in a way that reinforces that image.
- 7.5 Communications Plan.** The ED is expected to develop and maintain a communications plan, shared with the board as appropriate, that describes how the organization will communicate with its various stakeholders. The plan should identify the stakeholder segments, how the organization will both speak and listen to each segment.
- 7.6 Communications Restrictions.** To preserve our image in the community, the ED and any designee are the only spokespersons authorized to speak for the organization and the chair the only spokesperson for the board. None of the spokespersons may represent the organization in any way inconsistent with the policies in Part II of this BPM; make statements that may be perceived as supporting a political party or platform; author an article, book, or publication that includes classified or sensitive information about the organization; or engage in lobbying activities at any governmental level without prior permission from the board.

SECTION 8. AUDIT AND COMPLIANCE

The ED is expected to take the necessary steps to ensure that the integrity of our Systems and procedures comply with all pertinent legal, regulatory, and professional Requirements and to report to the board any material variations or violations.

- 8.1 Annual External Audit.** An independent auditor will be hired and supervised by the Audit and Compliance Committee, after a careful selection and annual evaluation. The ED will work with the auditor to gain a clean opinion of the annual financial statements and respond in detail to items in the auditor’s management letter concerning opportunities to improve systems and procedures related to financial controls.
- 8.2 Internal Compliance.** The ED is expected to meet all requirements for complying with federal, state, or local laws and regulations. The ED should maintain a list of compliance actions and reports that are required of a nonprofit organization, or recommended by the IRS as reflected in questions contained in the Form 990 report, and periodically submit the list for inspection by the Audit and Compliance Committee. The ED is encouraged to contract with competent legal counsel every ____ years to compare our policies, procedures and contracts with pertinent laws and regulations so we remain in essential compliance. Reports of such reviews must be made available to the Audit and Compliance Committee who, in turn, will report to the board on the overall status of the organization with respect to compliance matters.

SECTION 9. MISCELLANEOUS

NOTE: available if needed for policies that do not fit naturally in other chapters such as:

9.1 Conflict of Interest

1. Each Trustee, prior to joining the Board, and all present Trustees, shall submit in writing to the Chair a list of all businesses or other organizations of which the Trustee is an officer, director, trustee, member, owner (either as a sole proprietor or partner), shareholder, employee or agent, with which (organization) has or might reasonably in the future enter into, a relationship or a transaction in which the Trustee would have conflicting interests. The Chair shall become familiar with the statements of all Trustees in order to guide her or his conduct should a conflict arise.
2. Any Trustee, Officer, or Management Employee (collectively “Obligated Person”) who contemplates engaging in any transaction or matter in which he or she may directly or indirectly profit financially or materially, shall disclose all material facts about the transaction to the appropriate Board of Trustees before engaging in the transaction in which a duality or conflict of interest arises. These requirements shall apply to an Obligated Person receiving an honorarium of more than \$500 in connection with speaking at or participating in an (organization) event, conference or meeting. For purposes of this policy:
 - a. A *Management Employee* is an employee who can influence the decisions or actions of (organization);
 - b. A *Transaction* is one which involves a person or entity of which an Obligated Person, or a member of the immediate family of an Obligated Person, is a proprietor, partner, employee, or officer.
3. A Trustee with an interest in such a transaction is neither to use his or her personal influence in the discussion of the matter, nor vote on the matter; and is required to leave the meeting during both the discussion and vote.

4. The Board of Trustees may authorize the transaction if it determines it is in the best interest of the respective corporation and:
 - a. The transaction is for goods or services purchased or benefits provided in the ordinary course of business of (organization), for the actual or reasonable value of the goods or services or for a discounted value, and the transaction is fair;
 - b. The transaction is approved by a two-thirds (2/3) majority of the Trustees present and eligible to vote.
 - c. The (organization) shall maintain a list disclosing each and every transaction in which an Obligated Person has a financial interest (an interest in a transaction or transactions exceeding \$500 in value for any Obligated Person on an aggregate annual basis), direct or indirect, including the names of those to whom the benefit accrued and the amount of the benefit, and shall keep such list available for inspection by members of the Boards of Trustees and contributors to the (organization);
 - d. If the transaction, or the aggregate of transactions with the same Obligated Person within one fiscal year, is in the amount of \$5,000 or more, (organization) publishes notice thereof in a newspaper of general circulation in (city/state), and gives written notice to the Trustee of Charitable Trusts before consummating the transaction;

Provided, however, that (organization) shall not loan money or property to an Obligated Person, and any Obligated Person who assents to or participates in any such loan shall be jointly and severally liable for the amount of such loan until it is repaid, and provided that (organization) shall not sell, lease for a term greater than 5 years, purchase, or convey any real estate or interest in real estate to or from an Obligated Person without prior approval of the (state) probate court having jurisdiction.
5. The minutes of the meeting are to show that the duality or conflict of interest was disclosed and discussed, and that the Trustee(s) with a personal interest in the matter was/were not present for the discussion, and abstained from voting;
6. Any material transaction is to be fully disclosed in the audited financial statements.
7. All Trustees shall be reminded annually of the Conflict of Interest Policy for their information and guidance.
8. Honorariums of \$500 or less incurred in connection with a Trustee speaking at or participating in an (organization) event, conference or meeting shall be excluded from the Board of Trustees Conflict of Interest policy, but shall be reported to the Board at the next Board meeting following the event, and duly noted in the minutes.

ADDENDUMS

Addendums may include items such as:

1. Individual trustee profile and responsibilities
2. Position descriptions (chair, vice chair, secretary, treasurer, ED)
3. Committee charters (audit, board development, finance)
4. Finances (contractual authority and review, bank and bonding authorization, investment policy and authorization, transfer of funds to other organizations, expense reimbursements, government funding)
5. ED spouse volunteer role (for IRS purposes)