**Citygate Network – Ripple Effect**

**Templates for Board Use**

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**For a mission that wants to adopt a**

 **Carver Governance system,**

**This is a basic starter manual, consistent with**

**Carver Policy Governance**

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 **Revision Date**

**Category I: Ends –** A snapshot of the preferred future – define what differences will what we do make in our community and in the lives of our clients and at what cost or priority. These are stated positively, look outward and are the responsibility of the Executive Director.

Policy 1.0 Mission and Priorities **12/15/14**

**Category II: Executive Limitations -** Boundaries set for the Executive Director’s and the staff’s actions. The executive limitations define what is not acceptable, looks inward, and are the responsibility of the Executive Director.

Policy 2.0 General Executive Constraint **12/15/14**

 2.1 Treatment of Clients **06/16/14**

 2.2 Treatment of Staff **12/21/15**

 2.3 Financial Planning/Budgeting **12/21/15**

 2.4 Financial Condition and Activities **10/17/16**

2.5 Asset Protection **12/15/14**

**Category III: Board Management Delegation –** policies that state how the Board will instruct and interface with the staff and are the responsibility of the Chief Governance Officer

Policy 3.0 Governance - Management Connection **08/18/14**

 3.5 Executive Director Evaluation **02/25/05**

**Category IV: Governance Process –** policies that state how the Board will do its job and how it will operate. These look inward and are the responsibility of the Chief Governance Officer

Policy 4.0 Governance Commitment **10/20/14**

 4.1 Governing Style & Values **12/21/15**

 4.2 Board Job Description **10/20/14**

 4.3 Chair’s Role **10/20/14**

 4.5 Board Members’ Code of Conduct **08/18/14**

4.6 Directors’ Individual Responsibilities **12/21/15**

**POLICY TYPE:  ENDS**

**Policy 1.0 POLICY TITLE:  MISSION AND STRATEGIC ENDS PRIORITIES**



***Put Mission Statement Here:*** XYZ Rescue Mission exists to help homeless persons navigate a pathway to physical, financial and social stability while sharing with them the love of God.

Accordingly, **[Put any Board “Ends” priorities here – how the lives of the mission clients or clients will change because of you mission.]**

1. *Clients will receive, in order of priority:*
	1. *Shelter, access to housing and provision of basic physical needs.*
	2. *Access to healthy personal relationships with staff, volunteers and God.*
	3. *Tools and support to build social and emotional health*

**POLICY TYPE: EXECUTIVE LIMITATIONS**

**Policy 2.0 POLICY TITLE:** ***GLOBAL EXECUTIVE CONSTRAINT***

The Executive Director will not cause or allow any organizational practice, activity, decision, or circumstance which is either unlawful, imprudent or in violation of commonly accepted business and professional ethics and practices.

**Note:** THIS POLICY FORMS THE LARGEST (I.E., BROADEST AND THEREFORE MOST OPEN TO INTERPRETATION) OF ALL POLICIES IN THE EXECUTIVE LIMITATIONS POLICY CATEGORY. ANY FURTHER EXECUTIVE LIMITATIONS POLICIES WILL MERELY BE A NARROWING OF THE PROVISIONS OF THIS POLICY. REMEMBER THAT THE EXECUTIVE DIRECTOR IS GRANTED THE AUTHORITY TO USE *ANY* REASONABLE INTERPRETATION OF THE BOARD’S WORDS HE OR SHE CHOOSES.

**POLICY TYPE: EXECUTIVE LIMITATIONS**

**Policy 2.1 POLICY TITLE: TREATMENT OF CLIENTS**

With respect to interactions with clients or potential clients, the Executive Director shall not cause or allow conditions, procedures, or decisions which are unsafe, undignified, unbiblical, or which fail to provide appropriate confidentiality or privacy.

Accordingly, he shall not:

1. Use application forms that elicit information for which there is no clear necessity.

2. Use methods of collecting, reviewing, transmitting, or storing client information that fails to protect against improper access to the material elicited.

3. Maintain facilities that fail to provide a reasonable level of privacy, both visual and aural.

4. Allow Clients to be unaware of what may be expected and what may not be expected from services.

5. Permit any client who has not made a spiritual decision to receive less physical or emotional assistance.

6. Provide extended care for clients organically incapable of developing effective life skills.  (They must be referred to programs operated by other organizations.)

**POLICY TYPE: EXECUTIVE LIMITATIONS**

**Policy 2.2 POLICY TITLE: *TREATMENT OF STAFF AND VOLUNTEERS***

With respect to the treatment of paid staff and/or volunteers, the Executive Director may not cause or allow conditions, which are illegal, unfair, unsafe, unbiblical, or undignified.

Accordingly, he/she shall not:

1. Employ any staff member who is not a follower of the Lord Jesus Christ expressed through a personal profession of faith and Christian conduct, and is active in and in good standing with a local Christian faith community. (This requirement also applies to volunteers in a position of spiritual influence.)
2. Operate without written personnel expectations, which clarify rules for staff, provide for effective handling of grievances, and protect against wrongful conditions, such as nepotism and conflicts of interest.
* Personnel expectations must include written job descriptions for each paid position.
* Regarding wrongful conditions:
	+ There must be no conduct of private business or personal services between any staff member and the organization except as procedurally controlled to assure openness, competitive opportunity, and equal access to inside information.
	+ Decisions on matters in which there is an unavoidable conflict of interest must be made by the E.D. or the Board when they involve the E.D.
	+ Organizational employment in which an individual works in the chain of command of his/her relative or spouse is allowed only when structurally needed, and must be approved by the Board of Directors.
	+ Real or apparent conflicts of interest among key staff for the completed fiscal year must be disclosed to the Board Chair (The Executive Director shall complete a conflict of interest disclosure form each July).
1. Fail to complete and file annual reviews for each member of the staff in a timely manner. (Interns must be reviewed before the completion of their service as interns).
2. Discriminate against any staff member for expressing an ethical dissent. (There must be a whistleblower policy protecting those who report issues of concern)
3. Fail to acquaint staff with this policy.

**POLICY TYPE: EXECUTIVE LIMITATIONS**

**Policy 2.3 POLICY TITLE: *FINANCIAL PLANNING/BUDGETING***

Financial planning for any fiscal year (the calendar year) or the remaining part of any fiscal year will not deviate materially from board’s Mission and strategic goals, risk fiscal jeopardy, or be inadequate to support multi-year solvency.

The Executive Director will not allow budgeting that:

1. Risks incurring those situations or conditions described as unacceptable in the board policy “Financial Condition and Activities.”
2. Omits credible projection of revenues and expenses, separation of capital and operational items, cash flow, and disclosure of planning assumptions.
3. Provides less for board prerogatives during the year than the board has asked for.
4. Encumbers the organization with indebtedness or leases with payments that extend beyond five years or with combined multi-year financial obligations greater than $\_\_\_\_\_\_\_\_ (or alternatively \_\_\_%) of operating expenses in the previous fiscal year.
5. Begins a Capital fundraising effort in excess of $\_\_\_,000.

**POLICY TYPE: EXECUTIVE LIMITATIONS**

**Policy 2.4 POLICY TITLE: *FINANCIAL CONDITION AND ACTIVITIES***

With respect to the actual, ongoing financial condition and activities, the Executive Director will not cause or allow the development of fiscal jeopardy or material deviation of actual expenditures from board priorities defined by XYZ Rescue Mission’s Mission and strategic priorities.

The Executive Director will not

1. Spend more funds than have been received in the calendar year to date unless the debt guideline (below) is met.
2. Incur debt in an amount greater than can be repaid by certain, otherwise unencumbered revenues within 30 days.
3. Use any board designated reserves.
4. Allow payroll and debts to be settled in an untimely manner.
5. Allow tax payments or other government ordered payments or filings to be overdue or inaccurately filed.
6. Make a single unbudgeted purchase or commitment of greater than $5,000, nor split orders to avoid this limit.
7. Lease, acquire, encumber or dispose of real estate.
8. Allow receivables to be unpursued after a reasonable grace period.
9. Use restricted contributions for purposes other than stated by the contributor. (This includes borrowing such funds for other ministry needs with the intent of repaying them later).
10. Have inadequate internal controls over disbursements that allow unauthorized payments. The organization shall not have secret funds and it shall prohibit any unaudited transactions or loans. All checks over $\_\_,000 must be countersigned by the Chair or Treasurer. (This is to guarantee accountability. The Board representative may not refuse to sign the check if issued consistent with the budget.)
11. Pledge any of the assets of the corporation as security within any contracts except a purchase money security interest.
12. Obtain revenues from sources that are not, in fact and appearance, legal and consistent with the mission and values of the organization.
13. Change the Executive Director’s own compensation and benefits, except as his or her benefits are consistent with a package for all other employees.

**POLICY TYPE: EXECUTIVE LIMITATIONS**

**Policy 2.5 POLICY TITLE: *ASSET PROTECTION***

The Executive Director will not cause or allow XYZ Rescue Mission assets to be unprotected, inadequately maintained, or unnecessarily risked.

The Executive Director will not

1. Allow board members, staff, and the organization itself to be inadequately insured against theft, casualty, and liability losses.
2. Allow unbonded personnel access to material amounts of funds.
3. Subject property, plant, and equipment to improper wear and tear or insufficient maintenance.
4. Unnecessarily expose the organization, its board or staff to claims of liability.
5. Make any purchase: (a) wherein normally prudent protection has not been given against conflict of interest; (b) of over $\_,000 without having obtained comparative prices and quality. Orders shall not be split to avoid these criteria.
6. Allow intellectual property, IT data, information and files to be exposed to loss or significant damage.
7. Receive, process, or disburse funds under controls that are insufficient to meet the board-appointed auditor's standards.
8. Invest or hold operating capital in insecure instruments, including uninsured checking accounts, or in non-interest-bearing accounts except where necessary to facilitate ease in operational transactions. Only the board’s investment advisors may invest in stocks, bonds, or other investments not FDIC insured.
9. Endanger the mission’s public image, credibility, or ability to accomplish mission.
10. Change the organization’s name or substantially alter its identity in the community.
11. Merge with any existing ministry or add any new category of ministry without board authorization.

12. Operate without a comprehensive record retention policy that defines how long records must be kept and protects them from unplanned loss or destruction.

**POLICY TYPE: BOARD-MANAGEMENT DELEGATION**

**Policy 3.0 POLICY TITLE: *GOVERNANCE-MANAGEMENT CONNECTION***

The board’s sole official connection to the operational organization, its achievements and conduct will be through a Chief Executive Officer, titled Executive Director.

Accordingly:

1. **(Management Connection)** Only officially passed motions of the board, including those that make or modify Executive Limitations or policies about mission and program goals are binding on the Executive Director. Decisions or instructions of individual board members, officers, or committees are not binding on the Executive Director except in rare instances when the board has specifically authorized such exercise of authority.

1. **(Unity of Control)** The Executive Director is the board’s only link to operational achievement and conduct, so that all authority and accountability of staff, as far as the board is concerned, is considered the authority and accountability of the Executive Director.

a. The board will not give instructions to persons who report to the Executive Director.

1. The board will not evaluate, either formally or informally, any staff other than the Executive Director.
2. **(Accountability of the Executive Director)** The board will view Executive Director performance as identical to organizational performance, so that XYZ Rescue Mission’s accomplishment of board stated Mission and Program results and avoidance of board proscribed means will be viewed as successful Executive Director performance.
3. **(Delegation to the Executive Director)** The board will instruct the Executive Director through board decisions, primarily written policies which prescribe the organizational Ends to be achieved, and describe organizational situations and actions to be avoided, allowing the Executive Director to use any reasonable interpretation of these policies.
	1. As long as the Executive Director uses *any reasonable interpretation* of the board’s Ends and Executive Limitations policies, the Executive Director is authorized to establish all further operational policies, make all decisions, take all actions, establish all practices and develop all activities. Such decisions of the Executive Director shall have full force and authority as if decided by the board.
	2. The board may change the authority delegated to the Executive Director at any time, thereby shifting the boundary between board and Executive Director domains. But as long as any particular delegation is in place, the board will respect and support the Executive Director’s choices.

**POLICY TYPE: BOARD-MANAGEMENT DELEGATION**

**Policy 3.1 POLICY TITLE: EXECUTIVE DIRECTOR EVALUATION**

Systematic and rigorous monitoring of Executive Director job performance will be accomplished by considering the Board’s requirements of the Executive Director: organizational accomplishment of any reasonable interpretation of board policies on Ends and organizational operation within the boundaries established in board policies on Executive Limitations reasonably interpreted.

Accordingly:

1. Monitoring is simply to determine the degree to which board policies are being met.  Information that does not disclose this is not monitoring information.

2. The board will obtain the Executive Director’s interpretation of the board policy being monitored from the Executive Director.

3. The board will obtain data that discloses whether or not the Executive Director’s interpretations have been accomplished using one or more of three methods:  (a) by internal report prepared by the Executive Director that contains the data; (b) by external report, prepared by an independent third party selected by the board who collects the data; and (c) by direct inspection, in which the data is collected by the Board, or by a designated Board member(s).

4. In every case, the board will determine: (a) the reasonableness of the Executive Director’s interpretations, using a “reasonable person test” rather than with interpretations favored by board members or the board as a whole. The board is the final arbiter of reasonableness. The board will also assess: (b) whether the data demonstrates the Executive Director’s compliance with board policy as interpreted.

5. The Executive Director’s Performance Review will be completed in July each year after a review of all monitoring during the course of the year.

6. All policies which instruct the Executive Director will be monitored at a frequency and by a method chosen by the board.  The board can monitor any policy at any time by any method, but will ordinarily follow this schedule:

 Policy    Method  Frequency Monitoring Due

Monitoring Mission, Strategic Goals & Ends Direct Semi-Annual Jan. July

Treatment of Clients   Direct Annually May

Treatment of Staff   Direct Annually April

 Financial Planning/Budgeting Internal  Quarterly Jan. Apr. Jun. Oct.

Financial Condition & Activities Internal  Quarterly Jan. Apr. July. Oct

External  External Annually October

Asset Protection Direct Annually June

**POLICY TYPE: GOVERNANCE PROCESS**

**Policy 4.0 POLICY TITLE: *GOVERNANCE COMMITMENT***

The purpose of the board, on behalf of God and the Body of Christ in our community with an emphasis on those who support and are part of the ministry is to see to it that XYZ Rescue Mission, Inc. achieves its mission and the changes needed in the lives of its clients, has the capacity and solvency to serve the community effectively and avoids unacceptable actions and situations (as prohibited in board Executive Limitations policies).

**POLICY TYPE: GOVERNANCE PROCESS**

**POLICY 4.1 POLICY TITLE: *GOVERNING STYLE & VALUES***



**This is the page for Board beliefs or key ministry values, including doctrinal beliefs.**

The board shall govern lawfully with an emphasis on (a) Biblically based integrity and truthfulness in all methods and practices; (b) outward vision rather than an internal preoccupation, (c) encouragement of diversity within Biblical guidelines, (d) strategic leadership more than administrative detail, (e) clear distinction of board and chief executive roles, (f) collective rather than individual decisions, (g) future rather than past or present, and (h) proactivity rather than reactivity.

Accordingly:

1. We believe that we are to model Christ’s words, *For I was hungry and you gave Me something to eat; I was thirsty, and you gave Me something to drink; I was a stranger and you invited Me in; naked and you clothed Me; I was sick, and you visited Me; I was in prison and you came unto Me.*
2. We are committed to the proclamation of the gospel in this ministry as we obey Christ’s command in The Great Commission.
3. Both the Board and this ministry are committed to the following XYZ Rescue Mission doctrinal statement: We believe:
* The Bible to be the only inspired, infallible, inerrant and authoritative Word of God and the criterion for interpretation, faith, and practice is Jesus Christ.
* That there is one God, creator of heaven and earth, eternally existent in three distinct persons: Father, Son and Holy Spirit.
* In the deity and humanity of Jesus Christ: that He was born of a virgin, that we are redeemed by His atoning death through His shed blood, that He bodily resurrected and ascended into Heaven, and that He will come again in power and great glory to judge the living and the dead.
* In the value and dignity of all people: created in God’s image, but alienated from God and each other because of our sin and guilt, and justly subject to God’s wrath.
* That regeneration by the Holy Spirit by grace through faith is essential for the salvation of lost and sinful people.
* In the forgiveness of sins, the resurrection of the body, and life everlasting solely through repentance and faith in Jesus Christ.
* That the Holy Spirit unites all believers in the Lord Jesus Christ and that together they form one body, the church.
1. We believe God ordained the family as the foundational institution of human society. It is composed of persons related to one another by marriage, blood or adoption. We believe God’s design for marriage is the legal joining of one man and one woman in a life-long covenant relationship.
2. We believe that debt in the operation of the ministry should normally be avoided. However:
	1. Debt may be used for program expansion as follows:
3. Construction loans backed by pledges that are reasonably expected to be fulfilled and adequate to meet the debt service.
4. Debt to finance program expansion, not backed by pledges is permitted only if a 75% majority of the Board votes in favor of its use, evidencing a clear direction from God to do so.
	1. Debt may occasionally be used for an investment with an expected internal return greater than its cost. (i.e. thrift stores)
		1. Investment debt must be paid as rapidly as possible, and at least 25% of profits from new or expanded capital investments that incur debt must go into debt service until repaid.

**POLICY TYPE: GOVERNANCE PROCESS**

**Policy 4.2 POLICY TITLE: *BOARD JOB DESCRIPTION***

Specific job outputs of the board, as an informed agent of the ownership, are those that ensure appropriate organizational performance.

Accordingly, the board has direct responsibility:

1. To keep a strong connection between the ownership and the operational organization.
2. To ensure there are written governing policies that address the broadest levels of all organizational decisions and situations.
	* 1. Ends*:* Organizational products, impacts, benefits, outcomes, recipients, and their relative worth (what good for which recipients at what cost/priority).
		2. Executive Limitations*:* Constraints on executive authority that establish the prudence and ethics boundaries within which all executive activity and decisions must take place.
		3. Governance Process*:* Specification of how the board conceives, carries out, and monitors its own task.
		4. Board-Management Delegation*:* How power is delegated and its proper use monitored including, if applicable, the Executive Director role, authority, and accountability.
3. To assured successful organizational performance, as defined in its policies on Mission and expected program results and following board constraints established in Executive Limitations.
4. The board will be involved in raising funds both for operations and for capital needs.
5. To approve the annual budget or material changes in it, capital campaigns, real estate transactions, and changes in the Executive Director’s compensation.

**POLICY TYPE: GOVERNANCE PROCESS**

**Policy 4.3** **POLICY TITLE:** ***CHIEF GOVERNANCE OFFICER'S ROLE***

The Board Chair of XYZ Rescue Mission (CGO) assures the integrity of the board's process.

Accordingly:

 1. The assigned result of the CGO’s job is that the board behaves consistently with its own rules and those legitimately imposed upon it from outside the organization.

1. Meeting discussion content will be on those issues which, according to board policy, clearly belong to the board to decide or to monitor.
2. Information that is for neither monitoring performance nor board decisions will be avoided or minimized and always noted as such.
3. Deliberation will be fair, open, and thorough, but also timely, orderly, and kept to the point.

 2. The authority of the CGO consists in making decisions that fall within topics covered by board policies on Governance Process and Board-Management Delegation, with the exception of (a) employment or termination of an Executive Director and (b) where the board specifically delegates portions of this authority to others. The CGO is authorized to use any reasonable interpretation of the provisions in these policies.

1. The CGO is empowered to chair board meetings with all the commonly accepted power of that position, such as ruling and recognizing.
2. The CGO has no authority to make decisions about policies created by the board within Ends and Executive Limitations policy areas. Therefore, the CGO may provide advice and counsel but does not supervise or direct the Executive Director. The Executive Director is supervised and directed by the full board through policies.
3. The CGO may represent the board to outside parties in announcing board-stated positions and in stating chair decisions and interpretations within the area delegated to her or him.
4. The CGO may delegate this authority, but remains accountable for its use.

**POLICY TYPE: GOVERNANCE PROCESS**

**POLICY 4.4 POLICY TITLE: *BOARD MEMBERS’ CODE OF CONDUCT***



The board commits itself and its members to Biblical, ethical, businesslike, and lawful conduct, including proper use of authority and appropriate decorum when acting as board members.

Accordingly:

1. Board members must have loyalty to the ownership, unconflicted by loyalties to staff, other organizations, and any personal interest as a consumer.
2. Members must avoid conflict of interest with respect to their fiduciary responsibility.
3. There must be no self-dealing or any conduct of private business or personal services between any board member and the organization except as procedurally controlled to assure openness, competitive opportunity, and equal access to inside information. Members will annually disclose their involvements with other organizations, with vendors, or any associations that might be or might reasonably be seen as being a conflict.
4. When the board is to decide upon an issue about which a member has an unavoidable conflict of interest, that member shall absent herself or himself without comment from not only the vote but also from the deliberation.

D. Board members will not use their board positions to obtain employment for themselves, family members or close associates. Should a board member apply for employment, he or she must first resign from the board.

E. The Board Chair shall report to the board annually, at the August meeting, that he/she has reviewed business dealings any Board Member has had with the corporation involving the sum of $1,000 in the aggregate or more during the previous fiscal year and assure that there has been no self-dealing.

1. Board members may not attempt to exercise individual authority over the organization.
2. Board members’ interaction with the Executive Director or with staff must recognize the lack of authority vested in individuals except when explicitly board authorized.
3. Board members’ interaction with public, press or other entities must recognize the same limitation and the inability of any board member to speak for the board except to repeat explicitly stated board decisions.
4. Except for participation in board deliberation about whether the Executive Director has achieved any reasonable interpretation of board policy, members will not express individual judgments of performance of employees of the Executive Director.
5. Board members will respect the confidentiality appropriate to issues of a sensitive nature.
6. Board members will support the legitimacy and authority of board decisions, irrespective of the member’s personal position on the issue.

**POLICY TYPE: GOVERNANCE PROCESS**

**Policy 4.5 POLICY TITLE: *DIRECTORS’ INDIVIDUAL RESPONSIBILITIES***



The leadership success of the board is a direct result of the individual and collective participation of its members.

Therefore, each board member is expected to participate in the following ways:

1. Attendance - As board contemplation, deliberation and decision-making are processes which require wholeness, collaboration and participation, attendance at board meetings is required of board members. Members may not be absent from more than 40% of the board’s regularly scheduled meetings in any calendar year. Any absence which exceeds this allotment will be interpreted as that member’s resignation from the board.
2. Preparation and Participation - Board members will prepare for board and committee meetings and will participate productively in discussions, always within the boundaries of discipline established by the board. Each member will contribute his or her own knowledge, skills and expertise to the board’s efforts to fulfill its responsibilities.
3. Members as Individuals - the Executive Director is accountable only to the board as a body, and not to individual board members. Accordingly, the relationship between the Executive Director and individual members of the board, including the board chair, is collegial, not hierarchical.
4. Volunteerism - As the functioning and success of the organization depend largely on the involvement and dedication of volunteers, all board members are expected to contribute a minimum of 30 hours (inclusive of board meeting time) annually to the organization. In view of the Executive Director’s responsibility for operational activities and results, members of the board acting as operational volunteers are subject to the direct supervision of the Executive Director or responsible staff person.
5. Contributions - Each board member is expected to make a generous annual financial contribution to the organization. (Generous is defined as, “If your best friend knew the amount of your gift, he/she would say it is generous.) The demonstration of support of principal importance.
6. Prayer - Members commit to pray regularly for XYZ Rescue Mission and the clients that it serves.

**XYZ RESCUE MISSION, A CORPORATION**

 **Sample Bylaws**

**ARTICLE 1**

**NAME**

 The name of this Corporation shall be “XYZ Rescue Mission.”

**ARTICLE 2**

**PURPOSE**

 Our mission is to share the Good News of Jesus Christ with homeless men, women and children while providing them with food and shelter and a way to become productive members of society. This ministry will serve humanity in the spirit expressed by Our Lord and Savior Jesus Christ in Matthew 25:35-36, “For I was hungry, and you gave Me something to eat; I was thirsty, and you gave Me something to drink; I was a stranger, and you invited Me in; naked, and you clothed Me; I was sick, and you visited Me; I was in prison, and you came to Me”, and, to that end, this Corporation is engaged in rescue, missionary, educational, and evangelistic work, proclaiming salvation through belief in Jesus Christ the Son of God.

**ARTICLE 3**

**DIRECTORS**

 3.1 Directors: The entire work of this Corporation shall be governed as hereinafter provided by a Board of Directors of at least eight and not more than fourteen men and women, who shall be elected to the term hereinafter set forth. Board members must be active in and in good standing with a Christian church; followers of the Lord Jesus Christ expressed through a personal profession of faith and Christian conduct and agree without reservation with the Corporation’s doctrinal statement. There shall be no members of this corporation.

3.2 Vacancies: In the event a Director becomes disqualified, resigns, or is otherwise unable to serve for any reason, including but not limited to, physical or mental incapacity, a new Director may be elected at any time at the pleasure of the Board.

3.3 Term of Service: Directors shall not be elected to more than two consecutive terms of three years each. The term of the Chair or Chair-Elect may be extended long enough for either of them to complete their Board-assigned duties. At the end of the second three year term (or an extended term as provided in this paragraph) a Director must remain off the Board for at least one year before being considered for election to another term. For purposes of determining term of service, a Director, elected separately from the annual election process, is presumed to have begun service at the annual meeting prior to his/her election.

 3.4 Removal: The Directors, after ten days’ notice in writing, by vote of two-thirds of the Directors present at any regular meeting, or meeting called for the purpose, may remove any Director with or without cause. The Board may establish in its governing policies a minimum attendance requirement for Board members.

3.5 Nomination: The Directors, as well as other officers of the Corporation, shall be nominated by a Leadership Continuity Committee prior to the annual meeting. Election shall take place at the annual meeting. Each new member shall begin serving upon election and his/her acceptance of election.

3.6 Board Committees: The Board may designate committees consisting of three or more directors and may delegate to such Committees all such authority of the Board that it deems desirable except that no such Committee shall have the authority to amend the Articles of Incorporation; adopt a plan of merger or consolidation; approve the sale or disposition of all or substantially all of the property and assets of the corporation; approve a voluntary dissolution of the corporation or revocation of such dissolution; adopt or revise a Bylaw of the corporation; hire or remove the Executive Director or fill vacancies on the Board of Directors. The Committee shall report any action taken to the meeting of the Board next following the taking of such action unless the Board otherwise requires. Committees serve at the pleasure of the Board.

 3.7 Compensation: Directors shall serve without compensation. However, Directors may receive reimbursement for expenses incurred while carrying out their duties and may provide non-employee services to the corporation so long as there is no conflict of interest.

**ARTICLE 4**

**OFFICERS**

4.1 Board Officers: The officers of the Board shall be the Chair, Chair-Elect, Treasurer and Secretary.

* + 1. Election: The Board Officers shall be elected at the annual meeting of the Board of

Directors and shall hold office for one year, or until their successors have been selected and qualified, after due nomination. The term of service for each officer shall be one year. No person may hold simultaneously any two offices.

* + 1. Chair: The Chair shall be the chief governance officer, shall preside at

meetings of the Board and shall assure the integrity and fulfillment of the Board’s process. The Chair may serve a maximum term of two consecutive years.

* + 1. Chair-Elect: In the absence of the Chair at any meeting, the Chair-Elect shall

perform the Chair’s duties. In the absence of both the Chair and Chair-Elect, at any regular or called meeting of the Board, a temporary chair shall be chosen by the Directors present at the meeting.

* + 1. Secretary: The Secretary shall sign such documents as may require the Secretary’s signature, shall ensure that a record is kept of Board proceedings and shall ensure the integrity of Board documents.

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4.2. Corporate Officers: The officers of the Corporation shall be the Executive Director and the Treasurer. The Corporate Officers shall be elected at the annual meeting of the Board of Directors and shall hold office for one year, or until their successors have been elected.

4.2.1 Executive Director: The Executive Director, who is also the Corporation’s President, shall serve at the pleasure of the Board. He/she shall ensure organizational accomplishment of Board defined ends and organizational compliance with Board defined executive limitations as determined by the Board within governing policies. He/she shall oversee other corporate officers and shall hire all employees of the Corporation. The authority to fix the compensation of the Executive Director rests with the Board. The Executive Director shall fix the compensation of all other employees.

4.2.1.1 Treasurer: The Treasurer shall sign such documents as may require the Treasurer’s signature and shall perform such other duties as may be required by law. He/she shall also ensure the integrity of corporate finances in conformance with Board policies.

**ARTICLE 5**

**MEETINGS**

 5.1 Annual Meeting: The annual meeting of the Board shall be the last regularly scheduled meeting of the calendar year. The annual meeting agenda shall include approval of Board nominees and election of Officers for the coming year.

 5.2 Regular Meetings: The Board shall hold regular meetings at a frequency determined by the Board but no less often than four times per year, one of which shall be the annual meeting.

5.3 Special Meetings: Special meetings may be called by the Chair of the Board on his own motion or upon the petition of any three members that a special meeting is desired with two days advance notice.

 5.4 Quorum: A majority of the Directors then in office shall constitute a quorum for the transaction of business of the Board. Once a quorum has been established, it will not subsequently be defeated by the absence of one or more members.

5.5 Telephonic Meetings: To the extent permitted by law, a conference among Directors by any means of communication through which the participants may simultaneously hear each other during the conference, constitutes a meeting of the Board, if the same notice is given of the conference as would be required for a meeting, and if the numbers of Directors participating in the conference would be sufficient to constitute a quorum at the meeting.

5.6 By Written Consent: An action may be taken by written consent, which describes the action taken and is signed by all Directors.

5.7 Voting: The vote of a majority of the Directors or members present at a meeting at which a quorum is present shall be the act of the Board or any Committee. Proxy votes will not be permitted.

**ARTICLE 6**

**MISCELLANEOUS**

 6.1 Seal: The corporation may have a corporate seal which may be altered at the pleasure of the Board; but the presence or absence of such seal on any instrument, or its addition thereto, shall not affect its character or validity or legal effect in any respect.

 6.2 Fiscal Year: The fiscal year of the corporation shall be fixed by resolution of the Board.

 6.3 Offices: The registered office of the corporation in the State of South Carolina shall be at 2419 Wade Hampton Boulevard, Greenville, Greenville County, or at such other place as shall be designated by the Board. The corporation may maintain such other offices, within or without the State of South Carolina as the Board may designate, or as the business of the corporation may require.

 6.4 Indemnification of Directors and Officers: Any Director or Officer, or his executor or administrator, shall be entitled to indemnification if and to the extent determined in accordance with Section 33-31-850 et. seq. of the South Carolina Nonprofit Corporation Act of 1994 as amended.

**ARTICLE 7**

**ENDOWMENT**

 XYZ Rescue Mission will hold endowment funds in trust. Funds given for endowment may not be invaded. Funds set aside by the Board for endowment may not be invaded without approval of at least 80% of the Directors then in office.

**ARTICLE 8**

**AMENDMENT**

 These by-laws may be amended or repealed, and new by-laws may be adopted, by the Board. Any notice of a meeting of Directors at which by-laws are to be adopted, amended, or repealed shall include notice of such proposed action. The resulting by-laws may contain any provision for the regulation and management of business of the corporation not inconsistent with the law and the Articles of Incorporation. Any amendment of the Articles of Incorporation inconsistent with these by-laws shall operate to amend the by-laws pro tanto, and these by-laws shall be operative with respect to the corporation only as far as they are descriptive of existing law and of the Articles of Incorporation as amended.

 Last revision completed and ratified by the Board of Directors in regular session this 10 day of June 2013.

Jane Doe - Secretary

Suggested Template for an Executive Succession Policy

**This first policy would go into the policy manual instructing the Executive Director in planning for Executive Succession. It goes in Section 2 of the suggested policy manual above.**

**POLICY TYPE: EXECUTIVE LIMITATIONS**

**POLICY 2.X POLICY TITLE: EXECUTIVE SUCCESSION SUPPORT**

With respect to the possibility of the loss of Executive Director services, planned or unplanned, the Executive Director may not cause or allow the development of fiscal or operational jeopardy or loss of leadership oversight.

Accordingly, the Executive Director will not:

1. Have fewer than two other organization executives, one of which must be the COO sufficiently familiar with Board and Executive Director issues and processes to enable either of the two to take over with reasonable proficiency as an interim successor.
2. Allow the Chief Operating Officer to be uninformed of his obligation to notify the Board immediately in the event of unplanned incapacity or absence of the Executive Director and to take over as temporary Interim CEO with maintenance-oriented authority until the Board names an Interim CEO.
3. Allow the Board to be unaware of his intent to vacate his position within the next 12 months.

**This policy would go into the Board/Staff Relationship section of the Policy Manual (section 3), and it is the process the Board intends to follow in replacing the Executive Director**

**POLICY TYPE: BOARD** **MANAGEMENT DELEGATION**

**POLICY 3.X POLICY TITLE: *LEADERSHIP CONTINUITY PROCESS***

The Board is responsible for and will ensure smooth and systematic continuity of Executive Director services for the organization. The Board shall achieve Executive Director executive continuity through the coordinated efforts of various committees, except for such actions which require full Board involvement.

1. **Leadership Continuity Committee**

A. In addition to its other responsibilities, coordinate systematic efforts associated with Executive Director continuity, including succession planning, position definition and recruiting.

B. Seek to ensure desired Executive Director-candidate characteristics as follows:

* + Outstanding demonstrated relevant executive experience
	+ Demonstrated excellence in people interaction skills, casting and communicating vision, ability to interpret and communicate biblical truth, and fundraising
	+ Excellent leadership, management, communication, coordination, and organizational skills
	+ Impeccable Christian credentials consistent with the organization’s doctrinal statement
	+ Strong leading of the Holy Spirit as to the fit and interpersonal chemistry between any Executive Director candidate, the Board, and staff.

C. Deliver/support qualified Executive Director candidates for Board consideration via the following:

* + Identify and engage a Executive Director search firm.
	+ Assess the organization to identify needed leadership qualities and develop a candidate profile based on the principles in 3.6.1.B.
	+ Establish a time frame and plan for the recruitment and selection process.
	+ Implement a recruitment and selection process open to internal as well as external candidates.
	+ Inform the Board on periodic progress.
	+ Bring potential Executive Director candidate (s) to the Board. If more than one candidate qualifies, a ranked set of up to three potential candidates shall be presented.
	+ Maintain confidentiality as appropriate.
	+ Recommend and oversee a transition plan/timetable and support tools for the new Executive Director.
	+ Present an offer package as defined by the Remuneration Committee.

2. **Unplanned incapacity or absence of the Executive Director – Immediate -** The Chief Operating Officer will notify the Board immediately and then assume temporary interim CEO responsibilities and authority until otherwise directed by the Board. The COO's interim authority is "maintenance-oriented," i.e., ensuring organizational stability, safety, solvency and compliance with all Executive Limitations while maintaining the organization's current emphasis on Ends as of the time of assumption of interim authority.

3. **Unplanned incapacity or absence of the Executive Director – Continuing -** The Board will appoint an Interim CEO as soon as possible, with such appointment continuing at the discretion of the Board.

* 1. Individuals considered for Interim CEO will include, but not be limited to, the current COO, current CFO, and other persons with significant chief executive experience.
	2. Concurrent with such appointment, the Board will adjust organizational Ends and Executive Limitations, if and as needed, clarifying the authority of the Interim CEO.
	3. The Board Chair will ensure the interim leadership arrangement is communicated to the Board, organizational staff and key stakeholders, including licensing agencies.

4. **Planned vacancy in the office of Executive Director -** The Board will charge the Leadership Continuity Committee as far in advance of the expected Executive Director vacancy and transition period as the Board deems appropriate.

# What Not To Do If You Find Yourself in an Awkward Leadership Transition

*By John Ashmen*

Dear Board Members,

*1.* ***Don’t rush to make multiple changes.*** The tendency is for board members to immediately become autocratic, and break down the door of operations to start examining, questioning, and discarding. Board members in that scenario are usually like monkeys in the cockpit, throwing out everything that isn’t eatable. Change only those things that are necessary to get through the next month. Then just take things one month at a time.

*2.* ***Don’t immediately reject the idea of having an outside interim leader.*** Having a seasoned executive temporarily step into the role is a very wise move. It allows the board to concentrate on selecting the best possible CEO, assess financial strategies, and handle policy realignment. A veteran interim leader does not need very much orientation. Moreover, in his or her three- or six-month stint, he or she can objectively assess the goings on and make hard decisions or recommend actions from a perspective of a seasoned outsider. At AGRM, we have a “stable” of interim leaders we can recommend—people who can move to where the mission is and be the “go-to” for as long as needed.

*3.* ***Don’t temporarily promote an interim from within unless you are pretty sure that person will be the next CEO.***Taking your best “player” from the senior management team and naming him or her the interim president/executive director sounds like the best immediate solution. But more times than not, if that person isn’t eventually chosen to be the full-time leader, he or she will also end up leaving within the next 18 months. And then you have lost two people. The main reason an internally-promoted interim leaves is because the promotion permanently changes the internal dynamics within the staff. If someone is asked to step up, stepping back down is very difficult for so many reasons. Additionally, if not eventually chosen, it comes across that the board is saying: “We think you have what it takes to lead in the short run…but not the long run.” That drains self-esteem and loyalty like nothing else can.

*4.* ***Don’t put board members in charge of operations.*** Another tendency is to have one of the board members be an acting CEO; department heads are then told to check in with him or her by phone daily or weekly. (A turgid version of this is to appoint different board members to oversee different departments.) Regardless of a board member’s administrative experience, having any board members involved in day-to-day rescue mission management is a recipe for disaster. In 20 years, I have never seen this work well. The problems only multiply and intensify. If you absolutely have to do this, at a minimum, have the board member resign from the board before jumping into operations.

*5.* ***Don’t do a nebulous or negative press release.*** There is nothing to be accomplished by casting doubt about someone’s performance. Unless there is proven malfeasance that has led to an indictment being issued, talk about the positive things that the leader has done and then talk about the future. Forgo acrimony. Convey aspirations.

*6.* ***Don’t neglect the rest of the staff.*** The worst thing a board can do is to keep the team in the dark during a transition. Surveys show that workers want two things most in their employment—more than higher wages and better benefits: to feel “in on things,” and to have a full appreciation of their work. (Many people who are downline from transition instinctively wonder if they will be the next to go.) Have a confidential all-staff briefing so everybody hears the same thing. Honestly share the necessary facts. Be positive. Do a repeat performance every week until everything is back on track. Choose one person to be the recipient of all ongoing questions and concerns. When explanations aren’t forthcoming, people draw their own conclusions. When a clear vision is not presented, people lose hope.

7*.* ***Don’t go into isolation mode.*** Whether it’s caused by embarrassment, panic, insecurity, inexperience, or little bit of everything, a lot of boards hunker down behind closed doors—like cardinals debating a new pope. Not until the white smoke appears is there any clue to the changes that will be forthcoming. That is not to say that others need to know the internal business of a mission in transition. But reaching out can really be helpful. Reach out to a consultant who can provide recommendations. Reach out to other mission board chairs who have gone through the same thing at their places. Reach out to AGRM. We are your best resource for transition, including offering help the outgoing CEO. We are a safe and confidential place to seek advice. We have seen it all and know what works and what doesn’t. Best of all, our expertise is available at no charge for member missions.

*8.* ***Don’t forget about prayer.*** Like Nehemiah recognized in his efforts to rebuild the ruined walls of the city of his fathers, prayer should be the mortar of your reconstruction. From the intense prayer of pursuit of God’s will (chapter 1) to the under-your-breath silent prayers out of fear and nervousness (chapter 2) to the prayers for God’s notice and acknowledgement (throughout), everything done in the name of transition should be a two-way conversation with the Father.

**POLICY TYPE: BOARD MANAGEMENT DELEGATION**

**POLICY 3.X POLICY TITLE: EXECUTIVE DIRECTOR COMPENSATION**

The Board will annually determine the salary and benefits of the Executive Director using both market-based and performance criteria.

1. Salary and benefits will be decided at the point of hiring, and subsequently each year during the spring, to be effective with the start of the fiscal year.
2. Benefits will be those available to other employees unless otherwise defined by the Board.
	1. Vacation days awarded annually will be 15 for the first five years of employment and will

 follow the schedule for other employees thereafter.

* 1. The Executive Director will have use of a company car provided by the ministry.
1. The car may be used for business and personal use. However, fuel costs when traveling out of town for personal use are the responsibility of the Executive Director.
2. The Executive Director is responsible for any taxes that may accrue for this benefit.
3. Acquisition of a replacement car, unless acquired via donation to the ministry, must be approved by an ad hoc Board committee on compensation.
	1. Upon ten years of full-time employment, the Executive Director may take a paid sabbatical of up to 13 weeks. (May be slightly modified to accommodate educational or travel schedules.)
4. The Board must be notified of sabbatical timing at least six months prior to departure.
5. Vacation time available during the balance of the sabbatical year will be 15 days.
6. The Executive Director is responsible to structure the operational arrangements, internal and external communication and staff assignment to ensure conformance with Board defined Ends and Executive Limitations during his/her absence.
7. Subsequent sabbaticals may be taken upon completion of each five additional years of employment.
8. Salary and benefits will be set after gathering comparative data on similar positions in similar organizations from the Association of Gospel Rescue Missions and the Christian Leadership Association.
9. Executive Director performance in producing Board stated Ends and avoiding conditions described in Executive Limitations policies, where judged to be exemplary, may be rewarded with a bonus payment of not more than 15% of salary.

**POLICY TYPE: GOVERNANCE PROCESS**

**POLICY 4.X POLICY TITLE: *BOARD INVESTMENTS***

The board dedicates itself to careful stewardship of XYZ Rescue Mission’s endowment contributions, Board capital and the earnings from invested funds.

Accordingly:

1. Investment advisors will be retained to manage these funds.
2. The board will make strategic decisions including:
3. Establishing or modifying the contract with the investment advisors
4. Changing investment advisors
5. A Board Investment committee will handle tactical decisions including:
6. Directing investment advisors within parameters of the board’s investment policy.
7. Evaluating and responding on a timely basis to donor requests to hold certain investments in the contributed form, e.g. a particular stock or other instrument.
8. Measuring, monitoring and establishing accountability for investment advisor(s) performance with respect to Board objectives.
9. Determining within constraints of board policy investment earnings available for the operating budget each fiscal year by the end of March.
10. Advising the board as to its strategic decisions in this area.

C. There will be four categories of invested funds:

1. Annuity funds – Except for annuity payments, no funds can be consumed or expended for operations until the death of a specified annuitant.
2. Operating capital – i.e. The Executive Director, constrained by Board policies, may entrust operating capital, project funds and/or other financial resources to the investment advisor(s) at his/her discretion, withdrawing those funds when needed.
3. Endowed funds--contributions to endowment plus accrued earnings on such contributions. Payouts from restricted endowments will be in accordance with the agreements with donors. Payouts from funds not dictated by donor agreements shall not exceed 4 per cent of the three-year average value of such funds at the beginning of the calendar year. The Investment Committee will advise the Board each March as to additional funds available under this guideline.
4. Additional investment earnings. Earnings exceeding operating disbursements, annuity payouts and required holdbacks for inflation will be set aside to provide stability for operating fund payouts in years when investment earnings are insufficient to achieve the target 4% noted above.

2. The principal of funds given for endowment must be reserved for the donor’s intended purpose in perpetuity with no options for utilization under any circumstances. Funds not so designated may be invaded only if the board determines such use is vital to the survival of the ministry.

3. The investment objective for the invested funds will emphasize total return.

1. XYZ Rescue Mission will make all reasonable efforts to avoid holdings in corporations that derive revenue from sales of alcohol, tobacco products, gambling or pornography.

**POLICY TYPE: GOVERNANCE PROCESS**

**POLICY 4.X POLICY TITLE: *BOARD SIZE, NOMINATION, ELECTION & TERM LIMITS***



The Board aims to maintain a size of 12 members. The Leadership Continuity Committee will properly screen and nominate, for board consideration, the Board Chair and Chair-Elect, and will nominate individuals to fill vacancies on the board.

Accordingly:

1. Nominations for chair, chair-elect, secretary, treasurer and for individuals to fill vacant board seats, will be made and voted upon at the December meeting. By no later than October 15, the Leadership Continuity Committee will solicit suggestions from the board for such nominations.
2. The Leadership Continuity Committee shall consider the following criteria, among others, for prospective members as it evaluates candidates and formulates its recommendations to the board. Persons will be sought for board service who...
3. have a fascination with the future
4. are “big picture” thinkers
5. demonstrate an ability to discuss, differ as needed, debate, and then decide
6. are flexible
7. are bright
8. are able and willing to state a point of view and to listen to other points of view
9. will embrace the expectations of the board and rigorously adhere to them
10. are willing to develop governance skills or have governance experience
11. As a condition of service, nominees must be active in and in good standing with a Christian church; followers of the Lord Jesus Christ expressed through a personal profession of faith and Christian conduct and agree without reservation with XYZ Rescue Mission’s doctrinal statement. (Policy 4.X).
12. The Leadership Continuity Committee will qualify and propose board nominees to fill existing slots. If more nominees are approved than slots available, the board will rank nominees in the order in which they should be approached until available slots are filled. Nominee will be approached only after board approval and then shall be given the invitation to serve along with conditions of service.
13. Members who serve two (2) consecutive three (3)-year terms may be nominated for board membership again after spending a minimum of one (1) year as a non-member of the board.
14. Renomination/nomination of board members may be based upon such factors as the Leadership Continuity Committee deems appropriate. Accordingly, no member should expect to be renominated at the end of his or her term.
15. Former board members who have served 7 or more years and are at least sixty-five years of age may be accorded Emeritus status by invitation of the board. Emeritus members will receive all board mailings. They may attend board meetings and participate in debates. They have no attendance requirements. They may not vote, nor may their presence be counted in determining a quorum.

**A template for the report from the Nominating Committee**

**when considering new Board members**

The Philosophy behind the template includes the concepts that:

* You should have more nominees than you have open positions. I suggest that you have 2-3 times more nominees than you have open slots. (That way you don’t settle for a nominee, if he/she is not the best qualified.) You choose the nominees you think are best able to create an effective board.
* Board members and the Executive Director can both suggest nominees, as long as there are several from the Board instead of all having come from the Executive Director.
* You should compare “apples to apples”. Set up a common format for presenting the information about each nominee so you know the things that stand out about each. The ministry should have internal records that reflects giving and volunteering. The nominator should know much of the other information needed.
	+ Giving. If giving is one of the information items considered, I recommend that the nominating committee know the amount of giving. If you don’t want to share that information with the full board you can simply state that they are or are not a current giver.
* Nominees are not approached in advance to ask if they are willing to serve. If you ask them and they agree, then you’ve almost locked yourself in to asking them on the Board (or you’re liable to hurt their feelings when you go back to tell them that they “weren’t good enough” for the Board (even if you say it using nicer language). Instead, make your best guess as to whether they qualify, and then approach individuals in the order the Board has ranked them. You can ask them qualifying questions when you meet with them, and if they qualify, you can invite them to the Board on the spot, while telling them of what’s expected if they say yes. If they say no, they’ll still be flattered to have been asked, and will probably support more strongly than before. You can then approach the next nominee on the list without needing to tell them that someone was ranked higher than them by the Board.

**Report from the XYZ Rescue Mission Board Nominating Committee**

**November 2017**

*Expected Board Demographics (of the 9 Board members who will or are eligible to continue in 2018):*

* *3 Board Members are women*
* *1 Board Member is African American*
* *3 Board Members live in Spartanburg County*
* *2 Board Members live in Cherokee County*

A Nominating Committee composed of Harris-Chair, Sanders, McArthur, and Garner, having met on November 19, recommends, for the coming year, that:

1. **The Board’s targeted size for the coming year be set at 12. (Leaving three slots to be filled).**
2. **Smith, Jones and Bridwell be re-elected to the board.**
3. **Thomas be elected as Chair. Pyle be elected as Chair-Elect.**
4. **New board members be added as outlined below to replace Taylor and Fife who will rotate off the board and to achieve the board’s targeted size.**

The Nominating Committee proposes the following nominees to fill expected open slots. The names are listed in order based on Nominating Committee ranking. At the December meeting, the board is asked to approve the nominees, either in the order in which they have been suggested or in whatever order the board deems best. (Following board approval, nominees will be approached, based on their ranking until the available slots are filled.)

**Please do not tell the nominees they are being considered. We do not want to hurt feelings if they are not selected.**

**John Q. Public**

**123 Main Street**

**Simpsonville, SC 29681**

Church Affiliation: Formerly, First Baptist Church, Simpsonville, looking for a Presbyterian Church

Occupation: Lawyer

Giving History: Contributor

Volunteer: Has served numerous terms on the XYZ Rescue Mission Board and provides legal services at a no or a low cost to XYZ Rescue Mission

Policy Governance Experience: Extensive history with XYZ Rescue Mission Board

Other Information: Loves the Lord and has a passion for XYZ Rescue Mission.

**Jennie Q. Public**

**123 Main Street**

**Spartanburg, SC 29334**

Church Affiliation: Spartanburg First Baptist Church

Occupation: Founder of Summit Worldwide

Giving History: Contributor

Volunteer: Jennie has donated her time and resources to provide consulting for the staff and board

Policy Governance Experience: Jennie has gone through training with the Carvers in Atlanta and has served 1 term on the XYZ Rescue Mission Board

Other Information: Loves the Lord and has a passion for XYZ Rescue Mission.

**John Q. Public**

**123 Main Street**

**Spartanburg, SC 296334**

Church Affiliation: All Saints Lutheran Church - Spartanburg

Occupation: Duke Energy - Lineman

Giving History: Contributor

Volunteer: He has taught as a volunteer at the Spartanburg mission for many years. He has spoken at banquets and other XYZ events. He has encouraged others to get involved.

Policy Governance Experience: None

Other Information: African American. Although not Lutheran, John felt God called him to that church where he serves as a Sunday School teacher. John also teaches at other churches in the area. John is passionate about following Christ and about discipling others. He has self-published a book on discipleship.

**Jennie Q. Public**

**123 Main Street**

**Simpsonville, SC 29681**

Church Affiliation: Eastside Baptist Church

Occupation: Investor, retired from Toys Unlimited

Giving History: Contributor

Volunteer: Has attended & brought guests to several banquets, and regular volunteer at Shepherd’s Gate

Policy Governance Experience: None

Other Information: An active friend of the ministry and has a heart for worthy causes.

**Jennie Q. Public**

**123 Main Street**

**Spartanburg, SC 29334**

Church Affiliation: Pecan Grove Baptist Church

Occupation: Retired from Michelin

Giving History: Not yet a contributor

Volunteer: Has volunteered to plan and fill tables for at least five banquets in Spartanburg

Policy Governance Experience: None

Other Information: African American. Jennie is humble, yet an excellent speaker, and speaks to many women’s groups. A solid thinker. Strong spiritually. She volunteers in a prison ministry each week.

**John Q. Public**

**123 Main Street**

**Greenville, SC 29601**

Church Affiliation: First Presbyterian Church

Occupation: Former CEO/Founder of Arnoldville First Bank

Giving History: Not yet a contributor

Policy Governance Experience: None Known

Other Information: Has a strong bent for discipleship, and faithfully disciples others each week.

**John Q. Public**

**123 Main Street**

**Greer, SC 29651**

Church Affiliation: Chesnee First Baptist Church

Occupation: Managing Partner of Thrift Brothers

Giving History: Contributor

Volunteer: He has enlisted many partners to help with the Grace Point Infrastructure

Policy Governance Experience: None

Other Information: Thrift Brothers made a large contribution toward the paving at our Grace Point Subdivision. Thrift Brothers has helped considerably with our paving needs at the children’s home. He also helped with construction at the GRM and Overcomer Center.

**Jennie Q. Public**

**123 Main Street**

**Taylors, SC 29687**

Church Affiliation: Taylors First Baptist Church

Occupation: Homemaker – her husband Mark owns Burdette Supply

Giving History: Contributor

Volunteer: Mark has employed our graduates and offers his meeting area at no charge.

Policy Governance Experience: None

Other Information: Jennie loves the Lord and has a passion for XYZ Rescue Mission Recovery Center. Their family renovated the Chapel there in memory of her mother.

**Suggestions for taking Board Minutes**

**Board minutes document the Board meeting.** They need not be complicated, and should purposefully be succinct. They fill a variety of important roles, and are critical in verifying and recording the actions of the Board.

**Meeting Minutes should include:**

* Date of the meeting
* Chaired by (Name and Title)
* Names of Board members present, and names of those who were absent – consider listing alphabetically by last name to avoid bias and to prevent omissions.
* Names of any staff members or other guests
* Whether a quorum is present
* Approval of the previous minutes (and any modifications made in them)
* For motions that pass:
	+ A record of who made motions and who seconded them. (last name is sufficient, unless there are two individuals with the same last name).
	+ The precise form of the final motion
	+ That the motion passed
* You need not:
	+ Record motions that failed
	+ Record discussion that led up to the motion
	+ Record whether the motion passed unanimously or not
	+ Record any dissenting votes (unless the dissenter specifically request it).
* Any other actions taken or agreed to be taken
* Next meeting date and time
* Time of adjournment

There is generally no need to record information or discussions unless there will be some future need to document that the Board received or considered the information. If you capture that information, do so objectively, avoiding inflammatory remarks and personal opinions. Consider avoiding adjectives and adverbs whenever possible. You would not, for instance, record that a speaker said something “sarcastically” or “sweetly”. Your language should be clear and unambiguous.

**Minutes are an official and legal record of the board meeting[[1]](#footnote-1)**. In a legal arena, meeting minutes are presumed to be correct and can be used as legal evidence of the facts they report. Document board discussions to accurately reflect the actions and intentions of the board directors. Boards have legal liability, so keep information basic and language simple to avoid any legal complications that place the organization at a disadvantage in any legal proceedings. Use names only when recording motions and seconds. Always be mindful that the purpose of taking meeting minutes is to reflect the true intentions of the board.

**Writing the Official Record of Board Meeting Minutes**

 After the meeting, you will want to write the formal record when everything is still fresh in your mind, so prepare the record as soon after the meeting as you possibly can.

Review the agenda to gain the full scope of the meeting. Add notes for clarification. Review actions, motions, votes, and decisions for clarity. Edit the record so that the minutes are succinct, clear, and easy to read. It’s better to attach meeting handouts and documents that were referred to during the meeting to the final copy, rather than summarizing the contents in the minutes.

**Signing, Filing, and Sharing Minutes**

Once your meeting minutes are fully written, you are responsible for making them official by having the board secretary sign them.

Follow your organization’s by-laws and protocols for storing minutes. It’s a good idea to have back-up copies either in print, a hard drive, or a board portal

The secretary also has the responsibility for sharing minutes. Make sure the president has approved the minutes before sharing in print or online.

**Helpful Tips for Taking Board Meeting Minutes**

* Use a template
* Check off attendees as they arrive or circulate an attendance list
* Record motions, actions, and decisions as they occur
* Ask for clarification as necessary
* Write clear, brief notes-not full sentences or verbatim wording
* Maintain the same verb tense

**Common Mistakes in Taking Board Meeting Minutes**

* Including information that could harm the board in a legal sense
* Lengthy delays in providing minutes after a meeting
* Delays in approving minutes from past meetings-missing mistakes
* Failing to file and manage documents
* Failing to get documents signed so they serve as an official and legal record

Suggested Template to save time and improve accuracy

Board Minutes of the Board of XYZ Rescue Mission

Date & time of meeting\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Members Present: Adams, Baker, Dodenhoff, Harlow, Kendall, Malone, Powell, Shelton, Wolff, Zeginfuss. (line through any that are missing)

Members Absent: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

The meeting started upon satisfaction of a quorum.

It was moved by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, Seconded by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ that the minutes of the meeting of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (Date) be:

* Approved as written
* Modified by changing \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Other Board Decisions (all motions passed)

* + Moved by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, Seconded by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, that

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* + Moved by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, Seconded by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, that

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 Other Information or discussions for the board

Meeting Adjourned

The next meeting of the Board will be held \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (Date, time, Location)

**Clarifying Board and Management Roles - Handouts**

**Prime Responsibility Chart**

**Clarify Responsibilities, Task Ownership and Approval Requirements
Eliminate all fuzzy roles—and identify a point person for every task.**

**SAMPLE ONLY** (not prescriptive for your organization)

**P =** Prime Responsibility

**A =** Assistant Responsibility

**AP = A**pproval Required

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Tasks and****Responsibilities****PERSONNEL** | **Board** | **Executive Committee** | **CEO** | **COO** | **CFO** | **Program Director** |
| 1. Hire and fire the CEO
 | P | A |  |  |  |  |
| 1. Hire and fire other senior leaders
 |  |  | P |  |  |  |
| 1. Staff handbook annual review
 |  |  | AP | P | A |  |
| **FINANCE & ACCOUNTING** |  |  |  |  |  |  |
| 1. Annual budget
 | AP |  | AP | A | P | A |
| 1. Quarterly financial reports
 |  |  |  AP |  | P |  |
| 1. Annual audit
 | P |  |  |  | A |  |
| 1. Non-budgeted expenditures under $5,000
 |  |  |  |  | AP |  |
| **STRATEGIC PLAN** |  |  |  |  |  |  |
| 1. Big – Picture Strategic Expectations
 | P |  | A |  |  |  |
| 1. Three-year strategic plan update
 |  |  | P | A | A | A |
| 1. Mission, BHAG, core values
 | P |  | A |  |  |  |
| 1. CEO Standards of Performance (SOPs)
 | P | A | A |  |  |  |
| *Add additional categories and tasks below:* |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |

(adapted from Worksheet # 17.1 from *Mastering* the Management Buckets, by John Pearson)

**(Organization's Logo Here) Board Policies Manual (BPM)[[2]](#footnote-2)**

*Note: This version of the BPM was approved by the board on (date) , and*

*reflects several changes from the previous version, which should be discarded.*

**Part 1: Introduction and Administration**

This Board Policies Manual (BPM) contains all of the current standing (ongoing) policies adopted by the board of [ORGANIZATION] since the initial approval of the BPM on [INITIAL APPROVAL DATE].

1.1 **Reasons for Adoption.** The reasons for adopting this BPM include:

* Efficiency of having all ongoing board policies in one place
* Ability to quickly orient new board members to current policies
* Elimination of redundant or conflicting policies over time
* Ease of reviewing current policy when considering new issues
* Providing clear, proactive policies to guide the chief executive officer (CEO) and staff
* Modeling an approach to governance that other organizations might use

1.2 **Consistency.** Each policy in this document is expected to be consistent with the law, the articles of incorporation, and the bylaws, all of which have precedence over these board policies. Except for time-limited or procedural-only board decisions (approving minutes, electing an officer, etc.), which are recorded in regular board minutes, all standing policies shall be included or referred to in this document. The CEO is responsible for developing organizational and administrative policies and procedures that are consistent with this BPM.

1.3 **Transition.** Whether adopted part by part or as a complete document, as soon as some version of the BPM is voted on as the "one voice" of the board, those policies are deemed to supersede any past policy that might be found in old minutes unless a prior board resolution or contract obligates the organization with regard to a specific matter. If any actual or apparent conflict arises between the BPM and other policies or board resolutions, the matter shall be resolved by the chair or by the entire board as may be appropriate.

1.4 **Changes.** These policies are meant to be reviewed constantly and are frequently reviewed and refined. The CEO helps the board formulate new language in the BPM by distributing proposed changes in advance. When language is recommended for deletion, it is shown in strike-through format. Proposed new language is underlined. Each section with a proposed change can be preceded by the # sign to help readers quickly locate proposed changes. Any change to this BPM must be approved by the full board. Proposed changes may be submitted by any board member as well as by the CEO. In most cases, proposed changes shall be referred to and reviewed by the appropriate committee before being presented to the board for action. Whenever changes are adopted, a new document should be printed, dated, and quickly made available to the board and staff. The previous version should be kept on a disk for future reference if needed.

1.5 **Specificity.** Each new policy will be drafted to fit in the appropriate place within the BPM. Conceptually, policies should be drafted from the "outside in," i.e., the broadest policy statement should be presented first, then the next broadest, etc., down to the level of detail that the board finds appropriate for board action and below which management is afforded discretion as to how it implements the policies in this BPM.

1.6 **Oversight Responsibility.** Below are the parts, the committees primarily responsible for drafting and reviewing those parts, and the individuals given authority to interpret and make decisions within the scope of those policies:

|  |  |  |
| --- | --- | --- |
| Part/Section | Review Committee | Implementation Authority CEO |
| 1. Introduction
 | Governance Committee |
| 1. Organization Essentials
 | Full Board | CEO |
| 1. 3. Board Structure and Processes
 | Governance Committee | Board Chair |
| 1. 4. Board-CEO/Staff Relationship
 | Executive Committee | Board Chair |
| 1. 5. Executive Parameters
 |  |  |
| 5.1 General Guidance | Governance Committee | CEO |
| 5.2 Finance | Finance Committee | CEO |
| 5.3 Programs | Ad hoc Committee as needed | CEO |
| 5.4 Advancement | Ad hoc Committee as needed | CEO |
| 5.5 Audit and Compliance | Audit and Compliance Committee | CEO |
| 5.6 Miscellaneous | As appropriate | CEO |

1.7 **Maintenance of Policies.** The secretary shall ensure that staff members record and publish all standing policies correctly. The CEO or the CEO's designee shall maintain the policies file and provide updated copies to the board whenever the policies change, or upon request. The board will ask that legal counsel review this BPM biennially to ensure compliance with the law. Discrete documents referred to in the BPM will be kept in a three-ring notebook called the Board Reference Book.

**Part 2: Organization Essentials**

 2.1 Our **vision** is . . .

 2.2 Our **mission** is . . .

 2.3 The **values** that guide everything we do are . . .

 2.4 The **moral owners** to whom the board feels accountable (e.g., members, alumni, donors, or

taxpayers) are . .

 2.5 The primary **beneficiaries** of our services are . . .

 2.6 The major general **functions** and the approximate percentage of total effort that is expected to be devoted to each are . . .

 2.7 The primary **strategies** by which we will fulfill our mission include . . .

 2.8 The major organizational **goals** and monitoring indicators for the next three years are . .

2.9 **Strategic Plans.** The board is expected to think strategically at all times. The CEO is expected to develop a staff strategic plan based on the policies in this BPM, update it as necessary, link major activities in the plan to the relevant sections of this BPM, and provide copies of the plan to the board for information by April 1 each year.

**Part 3: Board Structure and Processes**

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

3.1.1 Enforce upon itself and its members whatever discipline is needed to govern with

excellence. Discipline shall apply to matters such as attendance, respect for clarified roles, speaking to management and the public with one voice, and self-policing of any tendency to stray from the governance structure and processes 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 processes 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 the desiredperformance and ensure that that performance 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 shall:

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

3.2.2 Determine the parameters within which the CEO 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 ongoing policies of the board in this BPM.

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

3.2.6 Ensure financial solvency and integrity through policies and behavior.

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

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

 **3.3 Board Member Criteria.** In nominating members for the board, the board Governance

Committee shall be guided by the profile that is incorporated by reference to this BPM.

**3.4 Orientation.** Prior to election, each nominee shall 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 more 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 processes. The chair "manages the board." The chair 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 in a manner 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 to 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 3 and 4 of this BPM. The chair has no authority to make operations-related decisions beyond policies created by the board. Therefore, the chair has no authority to supervise or direct the CEO's work, but is expected to maintain close communication with, offer advice to, and provide encouragement to the CEO and staff on behalf of the board.

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

3.6.1. The schedule for board meetings shall be set two years in advance.

3.6.2. The CEO shall work with the chair and the committee chairs in developing agendas, which, along with background materials for the board and committees, monitoring reports, the CEO's recommendations for changes in the BPM, previous minutes, and other such materials, shall be mailed to all board members approximately (one/two?) weeks in advance of board meetings. Big picture agenda items will scheduled several months in advance.

3.6.3 Minutes and the updated BPM shall be sent to board members within 14 days of board meetings.

3.6.4 Regular board meetings shall be held \_\_ times a year in the months of , and

 , preceded by a reminder notice approximately 30 days in advance of the meeting

date. The \_\_\_\_ meeting shall include a review of the planning and budgeting for the

upcoming year. The \_\_\_\_ meeting shall include a review of the performance of the CEO
and the organization for the past year. Special meetings of the board can be called

according to the bylaws [if this process is not in the bylaws, define it here].

3.6.5 The Governance Committee shall prepare a meeting evaluation form for completion by each board member who attends the board meeting. The completed forms shall be reviewed, analyzed, and summarized by the Governance Committee, which shall 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 shall recommend committee chairs and members for one-year terms, subject to board approval. The board chair and the CEO are *ex officio* members of all committees except the Audit and Compliance Committee. The CEO shall assign one senior staff member to assist with the work of each committee.

3.7.1 **Governance Committee.** This committee shall recommend 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 will nominate all board members and officers.

3.7.2 **Finance Committee.** This committee shall develop and recommend to the board those financial principles, plans, and courses of action that provide for mission accomplishment and organizational financial well-being. Consistent with this responsibility, it shall review the annual budget and submit it to the board for its approval. In addition, the committee shall make 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 the BPM that the committee determines are advisable for effective financial management.

 3.7.3 **Audit and Compliance Committee.** This committee shall oversee the organization's internal accounting controls; recommend external auditors for board approval; review the external auditors' annual audit plan; and review the annual report, the management letter, and the results of the external audit. The committee, or its delegate, shall have an annual private conversation with the auditor. In addition, the committee shall be responsible for oversight of regulatory compliance, policies and practices regarding corporate responsibility, and ethics and business conduct—related activities, including compliance with all federal, state, and local laws governing tax-exempt entities. The committee shall also oversee written conflict of interest policies and procedures for directors and officers

 (see tab of the Board Reference Book).

3.7.4 **Ad hoc Committees.** Ad hoc committees will be set up as needed to study and recommend policies relating to communications and public relations, raising financial and other resources for the organization and policies on programs and services of the organization.

3.7.5 **Executive Committee.** This committee shall comprise the chair, other officers, and the chairs of the other committees in Section 3.7. Except for the actions enumerated below, it shall have the 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 must approve the action at the next board meeting. The Executive Committee is not authorized to make decisions or to take action with respect to the following matters:

* + - Dissolving the corporation
		- Hiring or firing the chief executive
		- Entering into major contracts or suing another entity
		- Making significant changes to a board-approved budget
		- Adopting or eliminating major programs
		- Buying or selling property
		- Amending the bylaws
		- Changing any board-established policies

3.7.7 Other committees as determined.

 **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 CEO or the chair to assist him or her in carrying out various time-limited goals and responsibilities. Although either the chair or the CEO may form a task force, he or she shall notify the board of its formation, purpose, and membership within 10 days of its formation. The CEO may assign a senior staff member to serve advisory groups. The board has established the following advisory groups:

3.8.1 (Name, membership, function, etc., of any advisory group the board creates.)

 **3.9 Board Members' Code of Conduct.** The board expects of itself and its members ethical and

businesslike conduct. Board members must offer unconflicted loyalty to the interests of the entire organization, superseding any conflicting loyalty such as that to family members, advocacy or interest groups, and other boards or staffs of which they are members. Board members must avoid any conflict of interest with respect to their fiduciary responsibility. There must be no self-dealing or conduct of private business or personal services between any board member and the organization except as procedurally controlled to assure openness, competitive opportunity, and equal access to "inside" information.

Board members will make no judgments of the CEO or staff performance except as the performance of the CEO is assessed against explicit board policies and agreed-upon performance objectives.

Each board member is expected to complete and sign an Annual Affirmation and Conflict of Interest Statement (see tab \_\_\_\_ of the Board Reference Book), 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.

**Board Finances.** Every board member is expected to be a generous donor of record in 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—CEO/Staff Relationship**

 **4.1 Delegation to the Chief Executive Officer (CEO).** While the board's job is generally confined to establishing high-level policies, implementation and subsidiary policy development for operations are delegated to the CEO.

4.1.1 All board authority delegated to staff is delegated through the CEO, 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 CEO.

 4.1.2 Organization Essentials policies (Part 2) direct the CEO to achieve certain results. Executive Parameters policies (Part 5) define the acceptable boundaries of prudence and ethics within which the CEO is expected to operate. The CEO is authorized to establish all further policies, make all decisions, take all actions, and develop all activities as long as they are consistent with 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 CEO domains. Consequently, the board may change the latitude of choice given to the CEO, but so long as any particular delegation is in place, the board and its members will respect and support the CEO's 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 cost for study of an issue, no board member, officer, or committee has authority over the CEO. Any board member may request information, but if such a request—in the CEO's judgment—requires a material amount of staff time or funds or is disruptive, it may be refused.

 **4.2 CEO Job Description.** As the board's single official link to the operating organization, CEO

performance will be considered to be synonymous with organizational performance as a whole. Consequently, the CEO's job contributions can be stated as performance in two areas: (a) organizational accomplishment of the major organizational goals in Section 2.8, and (b) organization operations within the boundaries of prudence and ethics established in board policies on Executive Parameters.

 **4.3 Communication and Counsel to the Board.** With respect to providing information and counsel to the board, the CEO shall keep the board informed about matters essential to carrying out its policy duties. Accordingly, the CEO shall:

4.3.1 Inform the board of relevant trends, anticipated adverse media coverage, and 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 a format as possible.

4.3.2 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.

4.3.3 Report immediately any actual or anticipated material noncompliance with a policy of the board, along with suggested changes.

 **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 shall not be 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.

4.4.3 **CEO reports:** The CEO shall help the board determine what tracking data are available to measure progress 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:

* + Monthly: Informal CEO reports on achievements, problems, and board notices.
	+ Quarterly: (a) A one- or two-page "dashboard" report showing agreed-upon key indicators that track designated financial and program results over a three-year period in graphic form; (b) other summary reports as the board may define in this BPM.
	+ Semiannually: (a) Expense and revenue against budget report with comparison to previous year; (b) balance sheet; (c) cash flow projections; (d) membership statistics.
	+ Annually: Within 45 days of the end of the fiscal year, (a) end-of-year expense and revenue against budget; (b) balance sheet; (c) staff organization chart (or whenever major changes are made); (d) other reports that the board may define in this BPM.

 **4.5 Annual Performance Review.** A performance evaluation task force, comprising the board chair, the vice chair, and the chair of the Governance Committee, shall formally evaluate the CEO annually, based on achievement of organizational goals and any other specific goals that the board and the CEO have agreed upon in advance, as well as the CEO's own written self-evaluation and invited comments from all board members after they have seen the self-evaluation. The chair shall serve as chair of the task force. After meeting with the CEO, the task force will report on its review to the board, including recommendations on the CEO's compensation, which the Executive Committee or the board will then act upon. During this process, the CEO and the board will agree on any specific, personal performance goals for the year ahead. These goals shall be documented in a letter to the CEO from the board chair and will be a primary basis for determining the CEO's performance at the end of the next year. At least every three years, the task force shall invite other input in a carefully planned "360" review, inviting feedback from staff, peers in our sector, and individuals outside the organization who have interacted with the CEO.

 **4.6 Staff Compensation.** The CEO is expected to hire, train, motivate, compensate, and terminate staff in a professional and caring fashion. Salaries will be set at between X% and Y% of the mean for salaries in organizations of similar size, budget, and location. Benefits will include ...

The CEO shall (a) develop and maintain an employee manual that is reviewed annually by competent legal counsel and (b) provide copies of this manual to the board for information around April 1 of each year.

 **4.7 Staff Treatment.** With respect to treatment of paid and volunteer staff, the CEO may not cause or allow conditions that are inhumane, unfair, or undignified. Accordingly, he may not:

4.7.1 Discriminate among employees on other than clearly job-related, individual performance or qualifications.

4.7.2 Allow staff to serve in unsafe or unhealthy conditions.

4.7.3 Withhold from staff a due-process, unbiased grievance procedure.

4.7.4 Discriminate against any staff member for expressing an ethical dissent.

4.7.5 Prevent staff from grieving to the board when (a) internal grievance procedures have been exhausted and (b) the employee alleges that board policy has been violated to his or her detriment.

4.7.6 Allow staff members to be unaware of their rights under this policy.

**4.8 CEO Transitions.** At any time, the chair may appoint a transition task force to explore

 options and propose strategies and board policies related to succession and transition of the CEO and to facilitate any special needs of the outgoing and incoming CEOs and their families. The incumbent CEO shall give the board, if possible, a(n) \_\_ month notice of intent to leave that office. Any need for an acting or interim CEO will be determined by the board chair subject to board approval. The board chair is authorized, as soon as a vacancy or scheduled departure of the CEO is known, to appoint a search committee and committee chair. The search committee may include up to two people not on the board. The committee shall within 30 days 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 shall present one or two qualified candidates to the full board for selection. A special task force appointed by the chair shall, at the time of selection, negotiate the new CEO's compensation and service agreement and give both the incumbent and the successor CEO any special performance priorities from the board. After he/she leaves the organization, the outgoing CEO may be given a paid role, but only with the approval of the new CEO in consultation with the officers and the board.

**4.9 Board Reference Book and Web Site.** In addition to reports that the CEO may choose

 to make to the board, the CEO shall develop and maintain a Board Reference Book with all pertinent documents to which board members might want to refer during board and committee meetings (e.g., articles, bylaws, organization chart, recent minutes, committee roster, list of key volunteers/consultants, board documents referred to in this BPM, etc.). In addition, the board requests that the CEO maintain, as funding is available, a secure Internet web site for board members to allow them to access relevant data and reports on a timely basis. The CEO shall notify board members as new key information is posted to the board web site.

**Part 5: Executive Parameters**

 **5.1 General Guidance.** The purpose of the remainder of the BPM is to detail those executive

parameters that will guide the CEO and the staff as they accomplish the mission. These parameters are intended to free the CEO and the staff to make timely decisions without undue board directives. The board expects that the CEO will do nothing that is illegal, unethical, or imprudent. Beyond these general parameters, the board details its executive parameters in the major sections that follow in Part 5.

 **5.2 Finance Parameters.** The CEO must ensure that the financial integrity of the organization is

maintained at all times; that proper care is exercised in the receiving, processing, and disbursing of funds; and that financial and nonfinancial assets are appropriately protected.

**5.2.1 Budgeting.** The budget during any fiscal period shall not (a) deviate materially from the board's goals and priorities listed in Part 2, (b) risk fiscal jeopardy, or (c) fail to show a generally acceptable level of foresight. Accordingly, the CEO may not cause or allow budgeting that:

5.2.1.1 Contains too little detail to (a) enable accurate projection of revenues and expenses, (b) separate capital items from operational items, (c) monitor cash flow and subsequent audit trails, and (d) disclose planning assumptions.

5.2.1.2 Anticipates the expenditure in any fiscal year of more funds than are conservatively projected to be received in that period.

5.2.1.3 Reduces the current assets at any time to less than twice current liabilities or allows cash to drop below a safety reserve of $ at any time.

5.2.1.4 Provides less than $ for board prerogatives during the year, such as

costs of the annual audit and board development.

5.2.1.5 Is not derived from the strategic plan.

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

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

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

5.2.2.3 Approve an unbudgeted expenditure or commitment of greater than $

without the approval of the Finance Committee.

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

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

5.2.3.2 Allow nonbonded personnel access to material amounts of funds.

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

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

 5.2.3.5 Make any major purchase of over $ without formal bids or some other demonstrably

 prudent method of acquisition of quality goods, or any purchase of over $ without a written record of competitive prices, or any purchase wherein normally prudent protection against conflict of interest has not been provided.

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

5.2.4 **Investment Principles.** The CEO 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 operational transactions.

**5.3 Program Parameters.** In general, the CEO is expected to establish, maintain, and eliminate

programs and services to achieve the organization's mission and goals in the most effective and efficient manner.

5.3.1 New programs should be projected to serve at least people.

5.3.2 New programs with an expected budget exceeding $ must be approved by the

board. Those programs now approved include:

5.3.3 Programs with costs of more than $ shall be assessed for effectiveness by an

outside evaluator at least every three years, with a written report being made available to the board.

* + 1. Any program executed in partnership with another organization shall \_\_\_\_\_\_\_\_.

 **5.4 Advancement Parameters.** The various efforts to represent the organization to the public

(media, public relations, fund-raising, new member recruitment, etc.) shall be integrated sufficiently that the organization's brand/positioning in the external world is positive and effective.

5.4.1 **Fund-Raising Strategy.** The CEO shall develop and maintain a fund-raising plan that, at a minimum, includes direct mail, major donor initiatives, planned giving, and Web-based giving. Such plan shall be provided to board members for review each March, along with results for each initiative. Total direct and indirect expenses for fund-raising shall not exceed 22 percent of the total budget.

5.4.1.1 **Donor Bill of Rights.** The CEO shall develop a Donor Bill of Rights and provide the latest version to the board; this shall include, *inter alia,* the following restrictions: the CEO 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 a request from a donor as to how her/his contribution is to be allocated, fail to confirm receipt of a donor's contribution, or fail to send a donor an annual summary of donations.

5.4.1.2 **Training.** The CEO shall ensure that appropriate members of the board and staff receive annual training in new fund-raising techniques and shall budget for such expenses.

5.4.2 **Public Affairs.** The CEO shall exercise care in representing that we are a charitable, mission-centered, listening organization and shall develop policies and procedures for communicating with primary stakeholders and the public at large in a way that reinforces that image.

5.4.2.1 **Communications Plan.** The CEO shall 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 shall identify the stakeholder segments, how the organization will both speak and listen to each segment, and who is allowed to speak for the organization. The plan shall also include the role of board members both as "listeners" and as "speakers" for the organization.

5.4.2.2 **Communications Restrictions.** To preserve our image in the community, the CEO and any designee are the only spokespersons authorized to speak for the organization, and the chair is the only spokesperson for the board. None of the spokespersons may represent the organization in any way that is inconsistent with the policies in Part 2 of this BPM; make statements that may be perceived as supporting a political party or platform; write articles, books, or publications that include classified or sensitive information about the organization; or engage in lobbying activities at any governmental level without prior permission from the board.

 **5.5 Audit and Compliance Parameters.** The CEO shall take the necessary steps to ensure the

integrity of our systems and procedures; to see that they comply with all pertinent legal, regulatory, and professional requirements; and to report to the board any material variations or violations.

5.5.1 **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 CEO shall work with the auditor to gain a clean opinion on 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.

5.5.2 **Internal Compliance.** The CEO shall meet all requirements for complying with federal, state, or local laws and regulations. The CEO shall maintain a list of compliance actions and reports that are required of a nonprofit organization and periodically submit the list for inspection by the Audit and Compliance Committee. On a biennial basis, starting in \_\_\_\_\_\_\_\_\_\_, the CEO shall contract for a legal review of the organization's compliance with the pertinent laws and regulations and make the results of the review available to the Audit and Compliance Committee, which, in turn, will report to the board on the overall status of the organization with respect to compliance matters, including any current problems or anticipated problems with regulatory authorities.

**5.6 Miscellaneous.** [Include other policies that don't naturally fit into one of the other major sections.]

1. Much of the material beginning here and on page two was adapted from a blog post by Jeremy Barlow in January 2016 entitled “How to take Board Minutes.”. [↑](#footnote-ref-1)
2. This Board Policies Manual (BPM) was adapted by John Pearson from *Good Governance for Nonprofits by*. Laughlin and Andringa. Further modifications have been made by the faculty of “The Ripple Effect”. Laughlin & Andringa’s suggested BPM and other supplemental materials from the book are available online at: [www.amacombooks.org/go/goodgovnonprofits](http://www.amacombooks.org/go/goodgovnonprofits). While the original BPM is copyrighted by the authors, they give permission to "tailor" the policies for your own use. John@JohnPearsonAssociates.com [↑](#footnote-ref-2)