



## Board Orientation

### **Board Orientation Manual**

#### **Introduction**

Our organization: Yesterday/Today/Tomorrow

Philosophy/Mission Statement

Elevator Speech

#### **Financial data**

Current budget

Most recent treasurers report

Most recent Profit/Loss Statement

Last 990

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Staff bios of top executives

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List of Board Committees

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Determine their benefits profile

Why did they join?

What are they looking for?

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Assign board buddy



#### **New Developments**

Brief description of significant impending changes- internal or external

# Meeting Preparation:<sup>BY</sup> KAREN ZIMBELMAN

## Do your board meetings have any of these features?

- long, rambling discussions with no definite conclusion;
  - recurring agenda items that get no effective resolution; a constant flow of "emergen:c:y" items that need immediate action by the board, sometimes with inadequate research and background;
  - meetings that are emotionally charged and draining on all participants;
  - meetings that leave directors with a need to discuss how the meeting went - sometimes for a long time.
- If you recognize any of these features and want to avoid them, better meeting preparation can help!

There's not a lot of glamour in it. The "behind the scenes work that goes into preparing for and planning board meetings is tedious, time-consuming and very rarely acknowledged. Directors and observers will notice when meetings are not well prepared far more often than they will notice when preparation has been thorough and comprehensive.

The following guidelines should help your board make sure its meetings are carefully planned and as productive as possible:

### ***Plan ahead***

The board president (or, board chair) and the general manager should be the meeting planning team. Why? One of the general manager's chief functions is to ensure that information is presented to the board in an accurate and timely fashion to facilitate effective and prudent business decision making. To provide this kind of leadership, the manager should be an important player in planning and preparing for board meetings.

The board president's chief function is to manage the board's work - to make sure that the board accomplishes what it should be doing and to make sure that board meetings are as effective as possible. As the person who will run board meetings, the president needs to think about the board's agenda in advance and have a thorough command of the agenda items.

In planning meetings, the board president and general manager should consider:

- items from previous meetings requiring follow-up;
- attendance or presentations by members that can be anticipated in advance;
- items coming to the board from committees for presentation or action;
- legal reporting, notice or administrative requirements;
- items the board needs to begin discussing now for future decision-making;
- items the board must take action on at this meeting.

### ***Prepare the agenda***

The agenda should thoroughly delineate what the board needs to accomplish at its next meeting. Without a carefully prepared agenda, even a well-intentioned board is bound to miss deadlines or fail to follow up on important items. Having a written agenda will also help all board members be better prepared - knowing that the board will be discussing an item will help directors be better prepared to discuss it. The written agenda should be accompanied by background materials and distributed to all directors at least 3-5 days before a board meeting.

## **Prepare the packet**

Beyond just good sense, it is even established in legal expectation of directors that written materials be prepared, distributed to, and thoroughly reviewed by all directors in advance of board meetings. In fact, one of the primary factors that caused the Delaware Supreme Court to hold board members of a corporation personally financially liable for a decision was that directors had not received notice of such an agenda items and had received no written background materials to review in advance. The court's actions clearly establish that is the board member's responsibility to insist that these things happen -- to protect themselves as well as to ensure good decision making.

### **What should be in a board meeting packet?**

A thorough meeting packet will have a cover page that lists the date, time and location of the meeting. A complete agenda - a listing of all items to be discussed or reviewed at that meeting - should follow. It is useful to label all such items on the agenda "for discussion only" or "decision needed" to help directors prepare. Putting the page number of background materials next to the agenda item will also help directors find materials and better prepare.

The rest of the packet should be made up of materials that all directors should review before the meeting. This will include a manager's report, financial statements, committee reports or minutes, and proposals. In general, the packet should contain a written document for every item appearing on the board's agenda. In this way, the board can focus on discussing the issues and can consider recommendations in advance. With these background materials, the board won't need to spend its time hastily trying to word resolutions or come up with solutions that need careful deliberation. The decisions that are made are much more likely to be consistent with existing policy language and precedent.

### **Who does all of this work?**

Obviously, preparing this type of packet and materials will involve a fair bit of administrative work. Just who does this will depend on your co-op, but it should be clear that this is not a responsibility of directors. Board members have clear legal and corporate responsibilities and serving as de facto clerical staff for the co-op is not one of them. Pulling materials together, preparing an agenda, presenting materials in a logical fashion, and distributing packets before board meetings is a routine clerical task. A staff member and/or volunteer (except for sensitive items) can easily handle this job.

### **The payoffs**

This kind of meeting preparation can have many payoffs. Having the president and manager prepare for meetings (using their best judgment on how to frame questions and what kind of background should be presented) will help the board accomplish a lot more and will avoid long, rambling discussions with no constructive conclusion. Having written materials and an agenda in board members' hands before board meetings will help the board avoid potential legal scrutiny of the way it conducts business and help board members feel better prepared. Board packets are also a great way for members to be more aware of what the board is considering before a decision is made. Finally, good meeting preparation will add a note of professionalism to the functioning of the board.

These effects will all add up to better decision making, fewer last-minute, "emergency" items, and a more effective board of directors. Perhaps even more importantly, it's possible that a secondary benefit will be more and more well qualified members as potential directors in your next election - a winning combination all around!

# Some tips on how to keep meetings to a minimum

Committees are not known for expediency. Laurence Peter, author of *The Peter Principle*, echoes the true feelings of many when he facetiously suggests, "to get something done, a committee should consist of no more than three people, two of them absent."



**TERRIE TEMKIN**

Minimize your frustration and maximize your productivity by following some simple steps.

■ Be clear about what the committee is expected to accomplish.

■ Appoint ad hoc committees rather than standing committees wherever possible. Groups meeting only long enough to deal with specific issues tend to be more motivated and focused than groups meeting month

after month to deal with a myriad of issues.

■ Spend time allowing committee members to bond.

People are more willing to become involved when they feel a commitment to the group.

■ Clarify that committee members know specifically what is expected of them in terms of commitments of time, energy, skills, contacts and money.

■ Define as a group the problems or issues to be tackled so that everyone is working from the same page.

■ Assign tasks as evenly as possible. While it may be easier to ask the same people to do everything, you limit participation, leadership development and potential productivity.

■ Send out meeting agendas and resource materials ahead of meetings, and expect people to read them.

*Play the devil's advocate. Always ask the group to consider the downside of a pending decision. When people feel they have looked at all potential negatives, they are more confident about decisions.*

## In the meetings

■ Meet only when there is something substantive with which to deal. There is nothing sacred about monthly committee meetings.

■ Begin and end meetings on time. People are more likely to come if they feel you respect their schedule.

■ Limit discussions to topics that fit the organization's mission, vision, values and priorities.

■ Solicit, then listen to, everyone's input. After all, the value of committees is summed up in the adage two heads are better than one.

■ Don't accept comments at face value. Ask questions. Probe. Be sure you understand what is being said, and why it is being said.

■ Assume that even the most off-the-wall ideas make sense to the people who express them. Instead of rejecting such ideas

out of hand, ask for clarification.

■ Don't fight over ownership of an idea. Concern yourself with how the idea can benefit the organization.

■ When an idea is presented to the group, don't assume that silence means agreement.

■ Bring conflict into the open.

## Making decisions

■ Speak only for yourself. Let others provide their own explanations or rationales.

■ Play the devil's advocate. Always ask the group to consider the downside of a pending decision. When people feel they have looked at all potential negatives, they are more confident about decisions.

■ Strive for consensus. While time-consuming, it simplifies implementation and ensures commitment.

■ Keep action-oriented

minutes. Record only resolutions and votes, not discussion. Include sections such as supplies to order, ideas to implement, and people to call. Summarize who will do what, by when.

■ Follow-up after the meeting. Ask committee members if they are comfortable with their decisions. Set up a system to bring those who missed the meeting up to-date. Do what you promised to do at the meeting.

■ Prepare a report to the board. Include the committee's recommendations, and the pros, cons and rationale for each.

The comedian Milton Berle used to say that committees keep minutes and waste hours. You will not find yourself wasting hours if you follow these steps.

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## SAMPLE BOARD MINUTES

*Some of the following information is adapted from Carter McNamara's "Field Guide to Developing and Operating Your Nonprofit's Board of Directors."*

The following sample represents typical format and content of a board meeting minutes report. This sample should be customized to suit your particular board. Note that board meeting minutes are very important. Minutes are considered legal documents by auditors, the IRS and courts, and they represent the actions of the board. Many assert that if it's not in the minutes, it didn't happen.

*There is no standardized level of content and format for board minutes.* However, sufficient information should be included to describe how board members reasonably came to reasonable decisions.

Include the name of the organization, date and time of meeting, who called it to order, who attended and if there a quorum, all motions made, any conflicts of interest or abstentions from voting, when the meeting ended and who developed the minutes.

The secretary of the board usually takes minutes during meetings. Written minutes are distributed to board members before each meeting for member's review. Minutes for the previous meeting should be reviewed right away in the next meeting. Minutes should be permanently retained in a manual and shared with all board members.

Apart from the legal obligation to take minutes, accurate and concise minutes serve other functions:

- Serve as a reminder of decisions, assignments and deadlines.
- Summarize the meeting for people who were unable to attend.
- Create a history of the organization, telling what was done, when and by whom.
- Provide evidence in a financial or performance audit.
- Offer evidence in the event of a lawsuit.

### What to Leave Out

The minutes are a factual record of business. Do not include:

- Opinions or judgments: Leave out statements like "a well done report" or "a heated discussion."
- Criticism or accolades: Criticism of members should not be included unless it takes the form of an official motion.
- Thanks or expressions of appreciations should only be included if there was a clear consensus of meeting participants.
- Discussion: If the organization has opted to include discussion summaries do not personalize it by recording the views of individuals.
- Extended rehashing of reports: Just hit the highlights of key facts, particularly if a written report is attached.

### **SAMPLE MINUTES**

Board of Directors

July 8, 2012 ABC Art Center

President Smith called the regular Unit Board of Directors meeting to order at 7:05 PM. Those in attendance and constituting a quorum were:

*Present:* (List names)

*Others Present:*

MOTION by Jones:

Move to approve the minutes of the last board meeting.

Seconded and carried without dissent.

### *President's Report:*

President Smith recommends that if we are not able to find a new facility by the end of this month, the unit should continue to hold board meetings in the current location over the summer. Board briefly discussed the options.

MOTION by Johnson:

Move to extend the existing meeting arrangements for the next three months.

Seconded and passed without dissent.

Smith announced that the ACBL has introduced a new education program for unit board members. The seminar will be held at the upcoming NABC. Smith recommends that all board members who will be at the NABC take advantage of the opportunity, and that the unit board should reimburse any attendees for the fee.

MOTION by Brown:

Move that the unit board shall reimburse the fee to any board member who attends the seminar.

Seconded and passed. Dissenting: Moneypenny, Adams.

*Treasurer's Report:*

Treasurer Moneypenny explained that our accountant has reviewed the unit's bookkeeping procedures and found them to be satisfactory, in preparation for the upcoming yearly financial audit.

Moneypenny reported that the unit's IRS form 990 is now available for viewing on the unit's website. This publication on the web fulfills requirements for making the form 990 available to the public.

Moneypenny reviewed highlights, trends and issues from the balance sheet, income statement and cash flow statement.

MOTION by Bond:

Move to accept the treasurer's report.

Seconded and passed without dissent.

*Board Development Committee's report provided by Chairman Roberts:*

Roberts reminded the board of the scheduled retreat coming up in three months, and provided a drafted retreat schedule for board review.

MOTION by Anderson:

Move to accept the retreat agenda.

Seconded and passed without dissent.

Roberts presented the board with a draft of the reworded Bylaws paragraph that would allow the board to conduct actions over electronic mail. Roberts suggested review and a resolution to change the Bylaws accordingly. Jones suggested that Roberts first consult legal counsel to verify if the proposed change is consistent with our state statute. Roberts agreed to accept this action and notify members of the result at the next board meeting.

ACTION ITEM: Roberts

*Old business:*

There was no old business brought before the board.

*New business:*

Special Events (Baker)

The ACBL has designated a date in 2006 as ACBL/ABA Day. There will be a one session event for additional masterpoints. Baker will find out the exact day and report back later. ACTION ITEM: Baker.

*Committee Reports*

Anderson asked for clarification of the unit's D&O Insurance coverage. Johnson volunteered to summarize the provisions and exclusions of the policy by the next meeting. President Smith assigned this as an ACTION ITEM for Johnson.

MOTION by James:

Move to increase the sectional entry fee from \$6.00 per person per session to \$7.00.

Seconded and passed. Dissenting: Rules, Smith.

Meeting adjourned at 9:30 p.m. Minutes submitted by Secretary, Greg Shorthand.



## ROBERTS RULES OF ORDER

Provides common rules and procedures for deliberation and debate in order to place the whole membership on the same footing and speaking the same language. The conduct of ALL business is controlled by the general will of the whole membership - the right of the deliberate majority to decide. Complementary is the right of at least a strong minority to require the majority to be deliberate - to act according to its considered judgment AFTER a full and fair "working through" of the issues involved. Robert's Rules provides for constructive and democratic meetings, to help, not hinder, the business of the assembly.

### Should be used for all official votes and recorded in the meeting minutes

A member makes a motion

It is seconded by another member

Discussion

Move the Question (vote)

All in Favor – All Opposed

Motion carries (passes) or motion is denied

### The Rules

- **Point of Privilege:** Pertains to noise, personal comfort, etc. - may interrupt only if necessary!
- **Parliamentary Inquiry:** Inquire as to the correct motion - to accomplish a desired result, or raise a point of order
- **Point of Information:** Generally applies to information desired from the speaker: "I should like to ask the (speaker) a question."
- **Point of Order:** Infraction of the rules, or improper decorum in speaking. Must be raised immediately after the error is made
- **Main Motion:** Brings new business (the next item on the agenda) before the assembly
- **Divide the Question:** Divides a motion into two or more separate motions (must be able to stand on their own)
- **Amend:** Inserting or striking out words or paragraphs, or substituting whole paragraphs or resolutions
- **Withdraw/Modify Motion:** Applies only after question is stated; mover can accept an amendment without obtaining the floor
- **Commit /Refer/Recommit to Committee:** State the committee to receive the question or resolution; if no committee exists include size of committee desired and method of selecting the members (election or appointment).
- **Postpone to a Certain Time:** State the time the motion or agenda item will be resumed
- **Object to Consideration:** Objection must be stated before discussion or another motion is stated
- **Lay on the Table:** Temporarily suspends further consideration/action on pending question; may be made after motion to close debate has carried or is pending
- **Take from the Table:** Resumes consideration of item previously "laid on the table" - state the motion to take from the table
- **Reconsider:** Can be made only by one on the prevailing side who has changed position or view
- **Postpone Indefinitely:** Kills the question/resolution for this session - exception: the motion to reconsider can be made this session
- **Previous Question:** Closes debate if successful - may be moved to "**Close Debate**" if preferred
- **Informal Consideration:** Move that the assembly go into "**Committee of the Whole**" - informal debate as if in committee; this committee may limit number or length of speeches or close debate by other means by a 2/3 vote. All votes, however, are formal.
- **Appeal Decision of the Chair:** Appeal for the assembly to decide - must be made before other business is resumed; NOT debatable if relates to decorum, violation of rules or order of business

## BOARDS ROLE IN BUDGETING

The board is legally responsible for ensuring that budgets meet applicable laws and regulations, are fiscally sound, and will further the nonprofit's tax-exempt purpose. In larger nonprofits this generally means:

1. Developing and reviewing the nonprofit's mission statement and its specific goals and activities for achieving the mission.
2. Creating a statement of strategic program and service priorities to guide resource and allocation decisions during the budget process.
3. Establishing general budget policies, such as: Requirements for a balanced budget; Policies on the use of cash reserves; Decisions about salary increases, hiring, layoffs, new programs, capital projects, and major fundraising efforts or capital campaigns; Decisions concerning the need for a zero-based budgeting analysis for one or more programs or activities.
4. Formally reviewing and approving the budget.
5. Regularly reviewing financial and narrative reports on budget implementation and planning for any needed corrective action.
- 6.

One of the primary financial oversight responsibilities of a nonprofit board is to approve the annual budget and ensure that the organization is effectively using that budget to make informed management decisions. You do not need to be a financial expert to approve and manage an agency budget effectively, but you do need to ask probing questions that focus on the protection of assets and the adequacy and allocation of resources. Knowing the answers to the following two questions is a strong indication that the board is indeed sanguine regarding its budget process and management.

**1. Is our budget realistic and does it reflect our mission and priorities?** A board approved annual operating budget is a must for every organization serious about financial oversight. The board should address the following issues:

- What assumptions drive the budget projections – are they realistic?
- What are the costs and benefits of each of our program areas?
- What general and administrative costs do we incur and how are they financed?
- What is our overall financial health and how much financial risk can we assume?

**2. Are we on track with our budget?**

Once the board is clear on how the budget is developed, periodic variance reports can signal any major changes that call for increased attention. A major variance should be referred to the finance committee for further analysis and recommendations regarding the need for operational adjustments.

The key for the board in all its financial decisions is to focus its attention on getting answers to the critical questions and not getting bogged down in detail. An annual budget is a great tool when accompanied by

- knowledge of underlying budget assumptions and objectives
- periodic review of a budget variance report along with a balance sheet and a cash flow report

The board has final responsibility for the financial health of the nonprofit organization. Therefore, it's critical that new nonprofits quickly build up the roles of the treasurer and finance committee. The treasurer and finance committee can be wonderful assets to the chief executive when managing the finances of the organization -- however, the board members and chief executive should never completely ignore the finances by leaving them for the treasurer and other board members to manage. The board's role in ongoing governance of the nonprofit finances can include ongoing review of financial reports during board meetings, approving yearly budgets and financial statements, approving a set of fiscal policies (guidelines for managing the nonprofit's finances), reviewing results of a yearly audit conducted by an outside auditor, co-signing checks that are over certain limits and approving contracts.

# THE CONSENT AGENDA

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## **What is a consent agenda?**

A consent agenda groups the routine, procedural, informational and self-explanatory non-controversial items typically found in an agenda. These items are then presented to the board in a single motion for an up or down vote after allowing anyone to request that a specific item be moved to the full agenda for individual attention. Other items, particularly those requiring strategic thought, decision making or action, are handled as usual.

## **Why would an organization want to use a consent agenda?**

Consent agendas are popular with many nonprofit organizations because they help streamline meetings and allow the focus to be on substantive issues.

## **What does it mean if we adopt a consent agenda?**

- Documentation for consent items must be provided to the board prior to meetings so that directors feel confident that their vote reflects attention to their duty of care.
- Board members are encouraged to ask prior to the meeting all the questions that they want related to consent agenda items.
- If it is determined that an item on the consent portion of the agenda actually requires action or a decision that item should be removed from the consent portion of the agenda and raised later in the meeting.
- Any board member can request that an item be moved to the full agenda.
- A vote on the single motion applies to all the items on the consent portion of the agenda.

## **What does it *not* mean if we adopt a consent agenda?**

- Consent agendas do not make it easier to ramrod through decisions since decision items are not placed on the consent portion of the agenda and all items on the consent portion of the agenda are still open to discussion and debate if someone requests they be moved.
- It is not always necessary to remove an item from the consent agenda if people have simple questions or wish to discuss the item further. Discussion is permitted after the motion for approval is made, but before the vote. However, everyone should remember that extensive conversation defeats the purpose of the consent agenda.

### **What normally is found on a consent agenda?**

Routine, informational, procedural and self-explanatory non-controversial items are generally placed on the consent portion of the agenda. These typically are such things as:

- Approval of board and committee minutes
- Correspondence requiring no action
- Committee and staff reports
- Updates or background reports provided for informational purposes only
- Appointments requiring board confirmation
- Approval of contracts that fall within the organization's policy guidelines
- Final approval of proposals that have been thoroughly discussed previously, where the board is comfortable with the implications
- Confirmation of pro forma items or actions that need no discussion but are required by the bylaws
- Dates of future meetings

### **What is the process for using a consent agenda?**

- The board must begin by approving a motion to adopt the consent agenda for its meetings.
- The board should then craft a policy about what may and may not be included in the consent portion of the agenda.
- The full agenda, including the consent items should be disseminated prior to the board meeting along with copies of reports and back up materials so that board members can do their due diligence prior to voting.
- As the first item of business the chairman should ask if anyone wishes to remove an item from the consent portion of the agenda.
- The chairman then asks for a motion to accept the consent agenda.
- Once the motion has been received, the chairman opens the floor for any questions or discussion on the items remaining on the consent agenda. The understanding, though, is that the directors have come prepared and, other than a quick point or question, they are comfortable voting for the items or they would have asked to have them removed.
- If any items were removed from the consent portion of the agenda the chairman may determine where on the agenda those items will be discussed, e.g., immediately after the consent agenda has been accepted or later on the agenda.
- Quickly reviewing the remaining items, the chairman asks for any objections to the adoption of those remaining items. If none are offered all items on the consent agenda are considered to be passed.

### **What does the rest of the agenda look like?**

The answer to this is that it depends. If the organization is most comfortable with an “old business/new business” format, this can remain. However, the organization may find more benefit tackling one or two items that relate directly to the mission, vision and organizational values and that require special attention. Time spent in educating the board on mission-related, governance, or community issues is always valuable, as is dedicating some time to those problems or concerns that keep the executive director awake at night and the BTW Talk.\*

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\* The “By the Way” Talk refers to giving board members the opportunity to share what they’ve heard or learned since the last board meeting that might have impact on the organization either in the short or long term. It could be considered a continuous environmental scan.



## KEEP YOUR BOARD MEMBERS CONNECTED

### Weekly Email Board Update

Send a weekly email update to your board members. Include—Overview of events and programs with #s and details; New funders and grants; Upcoming programs and events ; Mark Your Calendar ; Highlight those that board members should attend; Board News; Staff News

### Board Only Web Page

Set up a board only web page with your internal board list so they can connect, important documents and opportunities for online discussion among members

### Special Thanks

Send special thanks when board members or staff members go above and beyond  
People love to be publicly thanked

### Your Promotions

Make sure your board members are on your distribution list for newsletters and info  
that your subscribers and patrons get  
Make sure your board is listed on your website

### Board Events

Host a few events each year for board and staff  
Might be breakfast with some of your patrons or a performance with another arts group or a sports event.  
Something fun where they can relax and get to know each other better

### Connect Board Members

Feature one board member at each meeting talking for 2 or 3 minutes about their business, what they do, what they sell, what they or their firm specializes in. Provides opportunities for board members to do business together.

### Board Retreat

Hold an annual retreat half day or full day retreat for your board. It provides a more relaxed atmosphere than your board meetings and time for members to get to know each other and the group better.  
Maybe feature a few of your artists or patrons talking about what the group means to them. Provides great structure for planning, budgeting and important in depth discussion.  
Arts Board Match can help. ABC can facilitate your retreat for a small fee.

## 6

# Evaluate your success



- Board surveys
- Review of plan vs. accomplishments
- Analyze results
- Adapt and revise