First Steps to Organizing a Pedestrian Advocacy Group

There are three important reasons for organizing. First, organizations have more credibility than individuals. Second, your organization's members bring a variety of perspectives and skills that energize and sustain your advocacy effort. Finally, organizations bring increased community contacts and awareness. The earlier you hear about problems or plans, the earlier you can get involved and the more likely you are to succeed.

This section includes some information that may help you if you decide to organize your group in a traditional way. Consult the bibliography in the Resources section for more information about non-profit structure and operation. This section also includes some tips for solving organizational problems and having good meetings.

Contents:

The Board of Directors of Non-Profit Organizations .............. 4–1
Sample bylaws, Willamette Pedestrian Coalition .................. 4–17
Things that might be included in bylaws .............................. 4–24
Sample bylaws, WalkSacramento ..................................... 4–25
10 Most Common Organizational Problems ......................... 4–37
Having Good Meetings .................................................... 4–41
Sample agenda .................................................................... 4–45
Sample minutes .................................................................. 4–46
A Legal Checklist for Non Profits ..................................... 4–49
THE BOARD OF DIRECTORS OF
NONPROFIT ORGANIZATIONS

Karl Mathiasen, III

November, 1977
TABLE OF CONTENTS

I. WHY HAVE A BOARD OF DIRECTORS ANYWAY?

II. THE DUTIES OF A BOARD OF DIRECTORS
   A. Reviewing Program and Budget
   B. Evaluating Organizational Effectiveness
   C. Changing Top Management
   D. The Community Connection: The Public Interest, Public Relations, and Fund Raising

III. DESIGNING THE BOARD AND HELPING IT WORK
   A. Putting Together a Good Board
   B. The Terms of Board Members
   C. New Faces and Old Hands--The Values of Balance
   D. The Size of the Board
   E. Basic Board Committees

IV. BOARDS AND STAFF
   A. Policy
   B. Program Evaluation
   C. "Dynamic Tension"

V. USEFUL PUBLICATIONS ON NONPROFIT BOARDS
   A. General Interest Publications
   B. Special Interest Publications
I. WHY HAVE A BOARD OF DIRECTORS ANYWAY?

Every nonprofit organization needs a board of directors, for two main reasons: (a) to register as a tax-exempt corporation and (b) to manage itself effectively.

When incorporating, any requirements specific to your state can be determined by checking with the state Secretary of State, a lawyer familiar with applications for tax-exempt status (many lawyers are not), or an organization which provides management support for nonprofit organizations. In general, state law requires that a tax-exempt organization be incorporated and that the corporation be managed by a board of directors or trustees. In the District of Columbia, New York and many other states, at least three directors are required before an organization can be recognized as a nonprofit tax-exempt corporation.

In practice nonprofit organizations often move ahead, even after incorporation, under the leadership of one or more persons who are not themselves members of the board. These leaders are normally those who have had the insight and initiative to begin the organization, and they are often responsible for its incorporation. This practice creates the illusion that these administrators are solely responsible for the organization. Whatever the illusion, legal responsibility for the organization rests with the board of directors.

The board may remain at three, it may meet only infrequently, and board members may not even be aware of their legal responsibility. Nevertheless, as directors of a nonprofit corporation they will be responsible for the governance of the organization and for its adherence to state and federal laws. They will be expected to discharge their duties—in the language of the New York state law—"in good faith and with a degree of diligence, care, and skill which ordinarily prudent men would exercise under similar circumstances in like positions (New York Non-for-Profit Corporation Law, §717[a])."* It is the

*Ed. note. The extent of legal responsibility for board members has in the past been unclear. Much of the fog in this area seems to have been blown away, however, by Judge Gesell of the Federal District Court for the District of Columbia, writing in the Sibley Hospital case (Stern v. Lucy Webb Hayes National Training School for Deaconesses and Missionaries et al., 381 F. Supp. 1003 [D.D.C. 1974]). This case raised the question whether hospital trustees could be held liable for mismanagement of hospital funds because their "failure to supervise permit[ted] negligent mismanagement by others to go unchecked". The case and its implications for board members are discussed fully in the "From the Boardroom" section of the Harvard Business Review for Jan.-Feb. 1976. The central implication seems to be that something more specific is required of trustees than the general standard of due care, at least where management of money is concerned. As Charles T. Stewart says, Judge Gesell's guidelines for the trustees of Sibley Hospital imply that trustees who miss meetings or pay only casual attention to financial reports may find themselves subject to suit by members of the organization's constituency, which for many organizations is a large, varied group.
board of directors that local, state, and national government agencies will turn to ultimately if the organization's administrators do not meet regulations or reporting requirements.

The second major reason for a board of directors is managerial: a board can be a powerful tool for achieving effective management throughout an organization. Moreover, there are basic organizational functions which, in most nonprofit organizations, a properly designed and managed board is far more likely to perform with maximum effectiveness. These will be discussed in Section II.

II. THE DUTIES OF A BOARD OF DIRECTORS

Many nonprofit organizations, particularly small ones, have a continuing concern about what it is the board is "supposed to do". Regrettably, there is no permanent or complete answer to the question. The role of a board changes as the needs of the organization change; what a board did two years ago may not be what it is expected to do today. The problem the organization is working on may have changed, or the organization may have learned through its work to see the problem in a different way. The organization's goals and program may have to change to accommodate these new perceptions. Changes in staff or in the availability of money may also shift the focus of board members' concerns. A financial crisis may force the board to probe deeply into the areas of budgeting, cost control, and fiscal accountability; it may require, as well, active fund raising by the board to keep the organization alive and functioning. At other times, substantive review and evaluation of projects and programs may be the most important aspect of the board's work. But this, too, can be superceded by the need to search for a new executive director, to improve the personnel system, or to establish a grievance procedure.

Regardless of this variety and change of emphasis in a board's activity, any board of directors has certain basic duties. These duties follow from the organizational functions which make a board necessary.

In most organizations the board of directors finds that the only practical way to meet its ultimate responsibility for effective management of the organization is to delegate that responsibility to a chief executive officer and his or her staff. In delegating this day-to-day responsibility, however, the board necessarily retains certain functions which every organization needs to have performed:

1) reviewing program plans and budgets;

2) evaluating organizational effectiveness;

3) evaluating the top administrator and selecting a new person for this role when necessary;

4) representing the public need and interest to the organization;

5) representing the organization to the public, especially to sources of financial support.
The board must retain these organizational functions for two main reasons. First, to do most of these things effectively, it is usually an advantage if you can be actively committed to the organization's purpose but remain uninvolved in day-to-day program tasks. The advantage of commitment is obvious: without it both the motivation and the credibility needed to do these things well may be lacking. Freedom from program tasks is important both because it encourages a broader, long-range view and because it makes possible the objectivity necessary for review, evaluation, and representation of the public interest. Ironically, the more committed staff members are, the more their involvement in operations is likely to interfere with their ability to review, evaluate, and represent the public interest in relation to their own work. On the other hand, the combination of commitment and relative objectivity is exactly what a nonprofit board is designed to provide.

The second reason the board must retain these functions is just as fundamental as the first: because the board has delegated day-to-day operational responsibility to others, the board's attention to these remaining functions is critical. These functions become the only way left for the board to meet its overall responsibilities, and so these functions become the board's primary duties.

To avoid confusion, a point is worth emphasizing: to say that the board's primary duties are review, evaluation, and representation is not to lessen the board's responsibility for long-range planning, policy-making, and even current programming and budgeting, whether or not any of these has been delegated to some degree. But it is necessary to distinguish between those responsibilities which a board can delegate responsibly and those which it cannot. For example, ideally a board would provide the major direction and initiative for long-range planning and goal-setting. In practice, though, it is often easier for a well-managed staff to conceive alternative programs, develop a preferred option, and seek the board's approval. It is not irresponsible for a board to allow its staff to show such initiative in program development. Staff—chief executive officers in particular—are often selected for just this kind of skill. However, it would be irresponsible for a board to allow confidence in its staff to excuse it from thoroughly reviewing and evaluating what that staff does.

A. **Reviewing Program and Budget**

The board reviews programming to make sure that program plans are consistent with the organization's purpose and goals, and that these plans are organized and detailed enough so that objectives will be met within the anticipated limits of resources (people, time and money). A budget is part of a complete program plan, and so review of the budget is part of determining whether objectives are likely to be met by the programs designed for them. Until the board has considered a program's objectives and the plans to meet them—whether proposed by staff or by a committee of the board—it is in no position to make a final judgment on the wisdom of the budget. The cost-effectiveness of a proposed program, after all, must be measured by the values placed on the expected effects. On the other hand, it is far easier to propose an apparently effective program if no thought has to be given to costs; for this reason, close review of the budget can provide an important guide to the thoroughness of program planning, especially in making reasonable allowances for contingencies.
Well before plans are presented to it for review—in fact even before these plans are made—a board must decide what its criteria will be in reviewing the program. It is both poor management and unfair to those doing the planning, whether they are staff or board members, to have plans developed before it is clear what standards those plans are supposed to meet. These criteria should be based both on an awareness of what makes good planning and on an up-to-date evaluation of the organization's current and future needs.

Although the budget cannot be meaningfully reviewed except in the light of the program it is designed to support, it is no accident that many boards have tended to pay far more attention to budget than to program. The budget is usually presented in terms more difficult to dispute than the terms of a program plan, and a budget therefore seems easier to judge. But even if boards tend to concentrate on budgets in part because they seem easier to review than they are, there are nevertheless good reasons to pay a lot of attention to the budget in reviewing a proposed program. The budget provides a different kind of framework for understanding the options and priorities for the year, and for gauging, at least in a preliminary way, the likely success of program plans. And most important, of course, serious errors in the program budget's plans for income and expenses can prove devastating to organizational morale and effectiveness when they appear in the midst of a program already under way.

In reviewing the budget the board will want to make sure it understands the significance and priority, in terms of the program plans, of major budget items. The board will also want to be fully aware of the basis for income estimates, and to pay particular attention to the obligations board members themselves are assuming for achieving income goals.

The board's review of program and budget is a far more significant and substantial activity than the word "review" might imply. This is not a task that can be done by skimming through a sheaf of papers just to see that all major questions have been addressed, income and expenses balanced, attractive charts and schedules included, and everything giving the appearance of order and control. The task of the board is to find out if orderly planning and fiscal control exist where they appear to. This task takes time and the concentrated use of one's best analytical skills.

Although logically the design of a program comes before consideration of the budget for that program, the tendency to plan program on an annual basis probably comes from the obvious advantages of working with an annual budget. Since almost all organizations will budget annually (even if they also budget for longer or shorter periods), the board will have to plan an annual schedule for (a) evaluating the success of previously approved programming (see below); (b) reviewing organizational goals; (c) considering proposed programming for the new year; and (d) reviewing the budget.

B. Evaluating Organizational Effectiveness

The board's review of program and budget discussed in the previous section is essentially a review of planning, and therefore occurs before action has been taken on those plans. This review should always occur, however, in the context of an up-to-date evaluation of programs already under way or complete.
Evaluation of the effectiveness of programs is a crucial activity for the board, since it is only on the basis of such an evaluation that the board can decide intelligently about the need for any changes in long-term goals or in the shape of programs being proposed.

There are two kinds of evaluation, based on when they occur in relation to the program being evaluated. From time to time, but at least every year, the board will have to evaluate the organization's overall success. This means examining completed programs or program periods in the light of organizational purpose, goals, and the final costs of any benefits achieved. The point of this kind of evaluation is to measure the impact of what has been more or less finished, to determine whether something must be done to adjust long-range goals or plans. This kind of evaluation is needed to provide the context within which new programs will be proposed and approved. But during the course of any program year, the board will want to know whether the program and budget it has approved for that year are on target, that is, whether they are operating as expected with regard to both achievements and costs. This means another level of evaluation for the board, an evaluation which is accomplished chiefly by seeing that each program approved includes criteria by which its progress can be measured. When the board approves a program and budget for the year, it should specify appropriate times for reports on what has been done, and what income and costs have been, to date. The frequency of board meetings varies according to organizational needs, but one of the things that determines it is the need to evaluate the progress of current activity on the basis of these "feedback" reports.

The evaluation of current program activity has two functions in the organization. The chief executive officer and the staff need the results of this evaluation more than the board does, since the evaluation is designed to signal the need for any immediate changes in levels or kinds of activity to reach current program objectives. But this evaluation in the midst of activity is the chief device for enabling the chief executive and other staff members to benefit from consultation with the board about problems that arise in implementing the program. The board also benefits, however, from getting and responding to feedback on current operations. This information tells the board whether its decision to approve a program is working out as expected, and so gives the board its own early warning signals in case it should have to step in to provide extra help along the way. This regular feedback also helps keep the board informed about organizational activity so that it does not have to do a major job of self-education every time it begins the annual process of overall evaluation, reviewing proposed programs, and budgeting.

C. Changing Top Management

Probably the most important activity a board ever undertakes is the hiring and firing of its president or chief executive officer. Before hiring, a board must review the organization's goals and its future needs, in order to outline for itself and for prospective candidates the kind of leadership the organization requires. Even if the board establishes a small search or selection committee, the board should keep in close touch with this committee and make the final selection itself.
Once the new officer is in place, the board should expect him or her to manage the organization: to create or revise the organizational structure, to hire and fire staff as necessary, and to develop the systems required to keep the organization running smoothly. The processes of reviewing program and budget and evaluating organizational effectiveness will give board members an opportunity to judge the quality of the management of the organization. Yet the board may need to ask for more information about organizational structure and management systems, particularly when staff problems or complaints have come to the board's attention. Moreover, the board should not hesitate to act when it has reason to think the organization is not being managed effectively for the achievement of organizational goals. A strong executive may be able to save an organization from many of the problems caused by a weak board. But a board which allows a weak executive to continue because it does not do a good job of evaluating top management's performance is dooming the organization to mediocrity. A board should never assume that an executive, once chosen, will automatically do the kind of job that relieves them from regular attention to theirs. The board should not interfere in day-to-day operations; but it must nevertheless have clear standards of performance for the chief executive officer, as well as a procedure for seeing that that performance is in fact evaluated by those standards.

D. The Community Connection: The Public Interest, Public Relations, and Fund Raising

Most boards have to participate, to some degree or other, in fund raising, community relations, and public relations. Unfortunately this work of the board is often thought of negatively, as though it had little to do with the moral purposes and respectable work of the organization. The truth is that the director's development role follows naturally from his or her public responsibility as a nonprofit director.

The legal responsibility of the board of directors of a nonprofit organization is, after all, ultimately a responsibility to the public interest, for it is in the name of the public interest that the organization seeks and is granted its tax-exempt status. Thus a primary function of the board is to represent within the organization the interests and needs of the public at large as well as of the particular constituency the organization is pledged to serve.* This public interest function of the board is fulfilled partly when board members bring to discussion of organization goals and programs their awareness of developing needs in the community. But this awareness is of little use if the community is not aware of what the organization offers or if the organization lacks the funds to continue to serve its constituents. In short, it is absolutely essential to the public's interest in the organization that the organization not only be well-managed internally, but that it also be well-known in the community for what it does and that its reputation helps win for it additional financial support.

*To say this is not to imply that staff are unconcerned with or unaware of either the general public interest or the needs of their constituency. But board members, in contrast to staff, are often selected because, among other things, they hold positions in the community which help the board as a whole represent the broad array of public interests in the organization's activity.
All organizations "need" more money than they have; and board members who can afford it should be asked to support the organization financially, to ask others to support it, and to guide or at least assist in its fund raising activities. Some will be better than others in actual solicitation, and some will have more to give than others. But everyone can help within his or her community to improve understanding of the organization's programs and needs.

The creation of a climate of support is part of development and fund raising. The task of clarifying and enhancing an organization's image and outlining the help it needs is an important community and public relations task every board member can help with to some degree or another. It is not that individual board members are expected to "represent" a particular community or clientele. However, every board member needs to understand that he or she interacts with several communities in his or her recreational, professional, and community life, and that he or she can help others in those communities understand the work and the importance of the organization which the board member helps govern.

III. DESIGNING THE BOARD AND HELPING IT WORK

Designing a board of directors requires an understanding of (1) the kinds of knowledge, skills, and experience needed on effective nonprofit boards; (2) the importance of rotation and terms; (3) the value of the different perspectives board members bring to deliberations at the different stages of their participation on the board; and (4) the kinds of committees likely to be useful in board work. Each of these concerns will be discussed in a separate section below.

A. Putting Together a Good Board

All boards need people who are knowledgeable about the substance of an organization's work, who understand finances, who care about development and fund raising, who can help improve the organization's community and public relations, and who are interested in management and personnel questions. Inevitably, however, the people needed on a particular board will vary with the purpose and situation of the organization. In addition to people with the skills and interests already listed, many organizations may need persons who can lend credibility to the organization by their presence, their experience with other organizations, and their commitment. Some organizations will need more representation of the community or of consumers than others. And some organizations will need to pay more attention to the sexual make-up and to the adequacy of minority representation of the board.

The requirements for various skills and qualities needed on a board can best be determined by reviewing carefully the purposes and needs of the organization itself. Once these are sorted out, present board members can be considered in terms of the skills and qualities they bring to the task of meeting the goals and needs outlined. Where there is a lack of those who represent credibility, the community, minorities, financial expertise, etc., plans can be made to seek such people in the next round of board nominations.
In considering board membership, it is important not to seek only those who are thoroughly conversant with the field in which the organization operates. The role of a director, as already mentioned, is to represent the public, to ask the questions and provide the oversight which the public has a right to expect—particularly when an organization is tax-exempt. It is wise, then, to reach out to people who bring qualities of judgment and common sense as well as a positive commitment to the organization's program.

Many books about boards of directors provide formulas which can help managers and chairmen of boards to think about the qualities, skills, and experiences needed if a board is to be effective. You will find some of these books listed on pp. 15-16.

B. The Terms of Board Members

Board members should serve terms of no more than three or, at most, four years. A board member could serve for more than one term, but it is probably not wise for him or her to serve more than two consecutive terms without at least one year's absence from the board. It is true that some people have served as much as 30 years as trustees of colleges, and served successfully; however, for most boards the values of regularly changing membership over the years are important. As members work year after year without new faces and new energies to be committed to the program, a board can become fatigued and less effective without being aware of it. At the same time, a board which presents the same faces term after term is missing the opportunity to increase awareness and understanding of the organization by developing new connections within the community. Each organization has to study its needs in these areas and to plan its board terms and method of rotation accordingly. This study and planning must begin with an appreciation of the different values board members represent to an organization at different times in their tenure on the board. These values are the subject of the next section.

C. New Faces and Old Hands--the Values of Balance

An important value of new board members is their willingness to ask what may be considered rather "dumb" broad questions about the policies and purposes of the organization. Being new to the organization, they can exercise their right to ask basic questions like, "What are the policies and purposes of this organization?" or "Will someone explain to me exactly what this project is supposed to accomplish?" The new member can more easily say, "I don't really understand this program and how it fits into the policy of our organization", or "Since I don't understand the financial report, I would be very happy if the treasurer would please go through it again in more detail". As I mentioned in Confessions of a Board Member, "the board member who asks the dumb questions is one of the most valuable board members in creation". Not having the obligation of prior knowledge and experience, the new member feels free to ask questions which are on other people's minds but which older members feel they no longer should be asking. Often when the question is posed, more senior people will admit that the question needs to be answered. Many senior members no longer ask basic questions because they have learned more about,
and have come to accept, much of the organization's general policies and activities. Usually they are not impatient with the newcomer's questions, however, since they recognize the value of probing questions on basic issues.

Another value of new members is the enthusiasm and energy which they can bring to a board. The assignment is new to them; they have obviously been challenged by the idea of serving as a board member or they would not have agreed to serve. They are often willing to do much of the laborious committee work which may no longer challenge some of the more experienced board members. Certainly a potential board member's willingness to work and to spend time on committees should be probed before the person is asked to join, not after.

The principal value of those who have served more than two and perhaps less than six years is the commitment and understanding which each brings to the organization. They have worked together for a number of years, they understand how the board works, and they make good committee chairmen. They often serve as officers and can be very persuasive in fund raising as they are usually well-informed and articulate spokesmen. They can provide intelligent oversight of the organization's programs, projects, and management because they have sufficient perspective to be able to judge operations. These people form the core of committed workers who can help senior board people (those who have served four to eight years) guide the work of the board.

Those who have served more than four or six years and are finishing their second terms comprise the board's senior citizens, serving as its memory and its history. Their value is in knowing what the organization has been doing, what it has tried in the past, some of the successes and failures encountered, and the organization's relationships with other groups and people in the same or similar fields. The experience and wisdom accumulated in the last years of service on the board give them balance and judgment about new ventures. They can recall for both board and staff the original purposes and goals of projects and programs which may now have shifted direction and changed in their rationale. Normally the principal officers of the organization are drawn from this group. This seems wise not only because they have developed a familiarity with the organization's work, but also because the board itself has had an opportunity to judge each member's effectiveness in handling committee assignments and assuming responsibility for major board activities.

After about eight years, board members may become too familiar with the organization's operations. They are often fatigued with hearing about the same problems over and over again, and the staff difficulties that have been part of the organization's history have begun to annoy them. There is a general lack of freshness and interest in being creative or in being supportive of new activities being proposed by either staff or board.

Even when principal board personnel, including the chairman of the board, seem to be indispensable to the work of the organization, the board and the staff owe themselves the opportunity to test that indispensability by insisting on at least one year off the board prior to an election for a third term.
When I departed as chairman of a board, for example, tears were shed and a sense of impending loss was sincerely felt by the staff and some of the board; but I was rarely contacted about the affairs of that organization during the next year. After a year away from the board, it was evident that the board was doing very well and that a number of members had forgotten who the previous chairman was!

Each board develops a style of its own, but only after members have had time together and been patient with one another. The board is a governing body and, like all bodies, grows, changes, and learns about the use of all of its members. Too rapid a change of members can cause disorientation and malfunction; but if nothing changes, then the body does not grow to meet new challenges. Most important is the understanding which members develop about the cares, skills, and yes, even the oddities and quirks of fellow members. Unless board members take time to be together there is no opportunity for them to learn how to work together to strengthen the board. Unless staff recognize the board's need to meet and discuss, from time to time, without the staff, board development will suffer and so will the organization.

D. The Size of the Board

In Managing the Board of Directors (Greater New York Fund, 1975), Joseph Weber says that "the general experience of most not-for-profit organizations suggests 30 to 36 as an optimum size" for a board. Weber reasons that any organization will require board members skilled in at least six major areas--administration, finance, personnel, program, public relations, and community relations. If each area is represented by three persons with skill in that area, the resulting total of 18 will leave at least 12 places for meeting the board's other needs.

To a degree, Weber's view is supported by the Greater New York Fund's study, Board of Directors: A Study of Current Practices in Board Management and Board Operations in Voluntary Hospitals, Health and Welfare Organizations (Oceana Publications, 1974). In querying 219 organizations in the New York area, the Fund discovered that the average board had 34 members. The variations on which the average is based are indicated in the chart below.

<table>
<thead>
<tr>
<th>No. of Board Members</th>
<th>11-20</th>
<th>21-30</th>
<th>31-40</th>
<th>41-50</th>
<th>51-60</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Organizations</td>
<td>32</td>
<td>63</td>
<td>53</td>
<td>39</td>
<td>18</td>
</tr>
</tbody>
</table>

Despite this evidence, most nonprofit organizations (particularly those which are not service oriented or which don't have budgets as large as many hospitals and health and welfare organizations) can do with considerably fewer than 30. As Weber indicates, where there is a large board there must be a technique for determining how the real business of the board gets done. Weber suggests using a core group, perhaps an executive committee. However, in order to avoid excluding some part of the board from significant decisions, an
organization may prefer to restrict its board to 12-18 persons. Decision making is manageable in this size group. If additional people are needed for specific activities, they can become members of an advisory committee or can serve on various task forces as specific needs arise. The use of supplementary groups serves to identify good prospective board members and permits an organization to use talent for an identified purpose without diverting the board from its job of overall governance.

As a general principle, nonprofit organizations, like other corporations, cannot be governed by massive boards. To the extent that the board exceeds 20-25 people, almost inevitably actual governance and tough policy decisions will be left to a smaller group with a maximum number of 12-18. Whether or not there is a smaller governing group within the board, a large board will tend to have greater problems with attendance and full participation by all members. Board members always have other responsibilities, and a large board can lead to the feeling that there are plenty of others to do the job when one is too busy with other things.

E. Basic Board Committees

Probably every nonprofit board needs to have an executive committee which can act for the board between board meetings or in an emergency. Executive committee responsibilities should be such that actions taken need to be approved at the next meeting of the board. Executive committees should not be used as the general governance mechanism, unless, as suggested above, the board is unwieldy. If executive committees are so used, board commitment and involvement in the organization's affairs probably will be reduced.

A budget or finance committee seems to be useful on the boards of many organizations, since budget approval and fiscal control are necessary aspects of a board's work. Financial reports need to be reviewed by those responsible for overall governance, and the relationship between these reports and the organization's budget needs to be understood by the committee so that the board can be assisted in its decision making. It is a mistake, however, to separate budget matters from program planning, review, and evaluation, since it is the non-financial program information which determines the significance of budget figures. A separate finance committee may well be called for, however, if its function is only to raise funds to meet goals set by the committee on program and budget.

A nominating committee is an important fixture of any board. Frequently left to the last minute, nominations for the board of directors and its officers are extremely important for the life of the board. The kinds of questions a nominating committee asks of a board and a staff will often force greater clarity about purposes and activities and may very well suggest that other committees are needed to work on such areas as development, long-range planning, community relations, etc. A nominating committee needs to understand clearly the purposes of the organization, the nature of its activities, the skills, qualities and experiences of the current members of the board, and the gaps in board membership which need to be filled. Therefore the committee probably should include the chief executive officer or members of the executive committee, at least as non-voting participants.
Many other committees relating to the substantive work of the organization, including long-range planning and specific program committees, can be comprised of board members and others who can bring particular skills or insights to the committee's work. Once again, the formation of committees mixing boards and outsiders provides an opportunity to evaluate individuals for future board membership. Adding members from outside the board also provides an opportunity to extend the network of people involved in the organization's work.

IV. BOARDS AND STAFF

What boards don't do in an organization, the staff does. Because a board usually must depend on its staff for doing most of what the organization is set up to do, the relationship between board and staff can determine the effectiveness of the entire organization.

The most important element in the board/staff relationship is the relationship between the chairman of the board and the top management of the organization—its president or executive director. If this relationship is good—if there is a frank exchange of views and an openness on the part of each—the board/staff relationship as a whole is much less likely to be hindered by unproductive conflicts. The chairman should be able to balance staff and board judgments. While not siding only with the staff, he or she should be alert to prevent capricious or arbitrary board actions. Even when the board is good and the staff leadership is fine, the chairman of the board and the executive officer must develop a good working relationship, have mutual respect, and create a balance of influence between them. If they don't, much of the value of both staff and board can be wasted.

Generally the kinds of problems that occur between boards and staffs are the result of confusion about the relations between board and staff responsibilities. The way to avoid confusion, and to deal with it when it occurs, is to think out carefully the areas of responsibility appropriate to both the board and the staff at that particular stage in the life of the organization, and not to be afraid to confront differences of opinion on this when they occur. A conflict patiently worked through can do much to strengthen an organization, but a conflict ignored because of the fear of unpleasantness can only sap organizational energy and reduce effectiveness in the long run. The following thoughts on the relations between board and staff may help your organization think through how it might best handle the crucial board/staff relationship.

A. Policy

The board of directors has final responsibility for all organizational policy. In practice, however, it is usually not effective for the board to determine policy without the involvement of lower management levels—the source of most of the information the board needs to make its decisions. Nor is it effective, on the other hand, for an experienced staff to be allowed to determine policy by defining program options narrowly, suggesting that the board merely accept or reject what is proposed. This unhealthy situation will not exist where a board is alert to its responsibilities, and particularly where it revises policies as often as necessary to make them consistent with current needs.
Whenever the board is engaged in review or revision of staff proposals, however, it must be careful not to give in to the temptation to change things just in order to have the feeling of doing something. What staff fear—often with good reason—is the tendency of a board to "stampede" in the direction of some suggestion or objection of a board member. The board may thus be led to set policy on the basis of an idea which, because it seems new or temporarily compelling, carries a weight all out of proportion to the thought that has gone into carefully designed staff proposals. A board which gives in to this tendency can quickly destroy much of a staff's energy and enthusiasm. Therefore it is important for a board to understand that recognizing good staff work (after an appropriately analytical review) is as much a contribution to organizational effectiveness as insisting on program or policy changes.

The responsibility for shaping the policies of the organization will almost always involve some balance of board and staff influence; generally it is only in crises of leadership or finance that a board's policy responsibility becomes absolutely clear and overriding.

B. Program Evaluation

As with the setting of policy, evaluation must be a shared responsibility of both board and staff. If the board has a relatively greater objectivity about the programs being evaluated, the staff has most of the information the board needs to make an intelligent evaluation. Staff are often reluctant to take the time to develop the materials needed for a board evaluation, at least partly because they feel defensive about having their effectiveness judged. The board can help win staff cooperation by taking care to see that evaluation is a process of getting information to improve organizational decision-making, not an occasion to make categorical judgments about people. A non-threatening process of evaluation can win great enthusiasm from staffers since it provides an opportunity for them to learn how "outsiders" perceive what they are doing, to see their own accomplishments in terms of the organization's broader purposes. The presentation or review of evaluation material at a board meeting is also an excellent opportunity for staff members to acquaint or even excite board members with what staff are doing. The fears of staff about having their work evaluated usually turn out to be unwarranted because board understanding and support is generally increased by a comprehensive, open discussion of the organization's successes and problems.

C. "Dynamic Tension"

All that has been said points to the complex, changing relationship between boards and staffs. As Conrad and Glenn illustrated vividly in The Effective Voluntary Board of Directors, the relationship between staff and board is "a delicate balance" which requires "dynamic tension".

It is difficult for most staffs to perceive that tension is necessary and useful. Staff may often choose not to bring up a difficult issue if tension or conflict with the board seems probable. Without tension at the board table, boards become disinterested and indolent, and lack the commitment which leads to participation and support. If the board is not a problem to the staff,
if there are not issues about which staff must develop more information and a better rationale because of board demands, it is probable that the board is not doing its job and that the organization will suffer over the long term.

Some boards and many staffs would like more harmony in their relationships, but it is exactly when a sense of harmony and the lack of tension are most apparent that an organization may be imperiled. No matter how prosperous the organization or how effective its programs, the future of the organization is jeopardized when the staff has a following, passive board which always agrees or, conversely, when a board dominates and controls the staff. When either situation occurs, the board needs to force a review of both staff and board to see what has gone wrong.

To sum up, a board can and must help the organization if the organization is to survive. Board members must ask questions, informed and uninformed; they must become interested and committed; they must participate and support. If not, the inevitable crises of nonprofit life will occur more and more frequently and may not be weathered. Staff must be responsive to the board, listen carefully to the views of those who are selected to govern, answer their questions, and open up discussion, even at some risk to the staff's own idea of what policies and programs are "absolutely necessary."

A board is not a simple mechanism, to be kept running smoothly by an occasional oiling. On the contrary, it is a complex organism, requiring care and nurture to make it effective. With the variety of organizations, purposes, and people, it is not easy to say just how much attention to pay to the board. Too much concern for the board, and an organization can lose some of its sharpness, its ability to focus clearly on meeting the needs of constituents. Too little concern, on the other hand, and the organization runs a double risk: it may lose valuable support and guidance, and it may find itself being directed casually, without knowledge or commitment. Finding the right balance is difficult, but it is worth the effort for the effectiveness of your organization.
BYLAWS of the
Willamette Pedestrian Coalition
Revised December 28, 1995

Article I
Purposes and Powers

Section 1. Organization. The Willamette Pedestrian Coalition is hereby organized as a nonprofit corporation for the public benefit in accordance with its Articles of Incorporation heretofore adopted and filed. This organization is organized exclusively for charitable and educational purposes within the meaning of section 501(c)(3) of the Internal Revenue Code. The object of this organization shall be:

a. To promote a pedestrian-friendly environment in the greater Portland metropolitan region; and
b. To build a pedestrian constituency; and
c. To do and perform all of the activities related to said purposes, to have and enjoy all of the powers granted and engage in any lawful activity for which corporations may be organized under ORS Chapter 65.

Section 2. Activities. Notwithstanding any other provision of these articles, the corporation shall not carry on any other activities not permitted to be carried on

a. by a corporation exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code (or the corresponding provision of any future United States Internal Revenue law), or
b. by a corporation contributions to which are deductible under section 170(c)(2) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue law).

Article II
Membership

Section 1. Eligibility. The following are eligible to become members of this organization:

a. Any individual person.
b. Any group, organization, corporation or other entity.

Section 2. Application for membership. Any person or entity desiring to become a member of the Willamette Pedestrian Coalition shall make such application in writing. In the case of an organization or other entity, at the time of application the entity shall designate in writing the name of the person who shall exercise the voting right of that entity, and may name such substitutes as may be desirable, in the event of the absence
of that particular person.

Section 3. Membership dues. Membership dues shall be assessed annually from each member of the Willamette Pedestrian Coalition. The dollar amount of dues shall be set by the Board of Directors. Dues may be reduced or waived at the discretion of the Executive Committee to accommodate unusual circumstances.

Section 4. Termination of membership. Membership may be terminated for any member who has been delinquent in payment of dues for a period of six months.

Article III
Meetings

Section 1. Annual Meeting. The annual meeting of the Willamette Pedestrian Coalition shall be convened once in each calendar year and on a day chosen by the Board of Directors. There shall be at least seven (7) days notice by mail to the general membership prior to said meeting.

Section 2. General Meetings. General meetings of the membership may be called by the Executive Committee as needed. There shall be at least five (5) days notice to the general membership by mail prior to said meeting.

Section 3. Meetings of the Board of Directors. The Board of Directors shall meet on a regular schedule to be determined by the Board. Said schedule is to be published in the Coalition newsletter. Special meetings of the Board may be called by the Executive Committee as needed. Board members shall be notified of all special meetings. Such notice may be by electronic means. Notice to the general membership is not required prior to said meeting.

Section 4. Executive Committee meetings. The Executive Committee may meet as needed to transact the business of the Coalition. Notice to the membership is not required prior to said meeting. Executive committee meetings may be held via electronic means.

Section 5. Meetings of Ad Hoc and Standing Committees. Committee meetings may be held as necessary for the transaction of committee business. Notice shall be given to each committee member as to the time and place of any meeting.

Section 6. Quorum.

a. Membership. Those members present at any annual meeting or general meeting shall constitute a quorum, and the majority vote of those present shall be considered sufficient to transact any business.

b. Board of Directors. Five members of the Board of Directors, or a majority of the sitting members, whichever number is less, shall constitute a quorum. The acts of the majority of this quorum shall
be the acts of the Board of Directors.

c. Executive Committee. Three members of the Executive Committee shall constitute a quorum for the transaction of business. The acts of the majority of this quorum shall be the acts of the Executive Committee.

Section 7. **Voting.** Each member of the Willamette Pedestrian Coalition, whether an individual or an entity, shall be entitled to one vote. The voting right of a member entity shall be exercised by the agent of that entity as designated on the written application for membership. Voting may be either viva-voce or by written ballot.

Section 8. **Proxy.** At the annual meeting, voting may be conducted by proxy. The proxy shall be in writing and filed with the Secretary of the Willamette Pedestrian Coalition in advance of said meeting.

Section 9. **Parliamentary Authority.** The President shall chair all meetings of the membership, the Board of Directors, or the Executive Committee. In the absence of the President, the meeting may be chaired by any other officer. Meetings of the Willamette Pedestrian Coalition need not be conducted strictly according to rules of order; however, Roberts Rules of Order, Revised, may be invoked as the authority for the conduct of any meeting at the discretion of the presiding officer.

**Article IV**

**Directors and Officers**

Section 1. **Number and Eligibility.** The affairs of the Willamette Pedestrian Coalition shall be conducted by a Board of Directors elected by the general membership in accordance with Section 3 of this Article. The Board of Directors shall consist of the five Officers of the Coalition and the Directors-at-Large. All Directors shall be members in good standing of the Willamette Pedestrian Coalition.

Section 2. **Officers.** The officers of the Willamette Pedestrian Coalition shall be a President, Vice-President, Treasurer, Recording Secretary, and Corresponding Secretary.

a. **President.** The role of the President is to facilitate communications, including calling and chairing meetings and providing leadership in developing and implementing programs. The President shall be the chief executive officer of the Willamette Pedestrian Coalition and, subject to the Executive Committee, shall have the general supervision and control of the business of the Coalition. The President shall be an ex officio member of all standing and ad hoc committees of the Coalition.

b. **Vice-President.** The Vice-President shall assume such duties as needed to support the other officers, and shall assume the role of
chief executive in the absence of the President.


c. **Treasurer.** The Treasurer shall keep, or cause to be kept, accurate and correct accounts of the business transactions of the Willamette Pedestrian Coalition, including accounts of its assets, liabilities, receipts, disbursements, gains and losses. The Treasurer shall present an audit to the Annual Meeting.

d. **Recording Secretary.** The Recording Secretary shall keep, or cause to be kept, minutes of the proceedings of all meetings.

e. **Corresponding Secretary.** The Secretary shall supervise all correspondence of the Coalition and shall keep, or cause to be kept, files of all correspondence.

f. **Other responsibilities.** Among the responsibilities of the Executive Committee which may be assigned by the Committee to those capable and willing to perform them are: maintaining an up-to-date roster of the membership, supervision of the Coalition newsletter, and fund-raising activities.

**Section 5. Directors-at-Large:** There shall be up to ten Directors-at-Large. The number of Directors-at-Large each year shall be determined by the Board of Directors preceeding the annual meeting. The number may be changed at any time by a majority vote of the Board of Directors. The duties of the Directors shall be to attend Board meetings, to chair the standing committees, and in every way possible to support the officers in carrying out the business of the Coalition.

**Section 4. Election and Terms.** Officers and Directors shall be elected at the annual meeting by the general membership for the terms described below and until their successors are elected and qualified. There shall be no limit to the number of successive terms which an officer or director may serve.

a. Officers shall be elected for a term of one year.

b. Directors shall be elected for a term of two years. The terms of the six Directors shall be staggered so that approximately half are elected each year.

**Section 4. Vacancies.** If for any reason a vacancy should occur among the Officers or Directors of the Willamette Pedestrian Coalition, such vacancy may be filled by appointment by the Board of Directors.

**Section 5. Removal of Directors or Officers.** A director or an officer may be removed by a two-thirds majority vote of the general membership at any General Meeting of the membership. The following represents cause for removal:

a. Any breach of the director's duty of loyalty to the Coalition or its members;

b. Acts or omissions not in good faith or which involve intentional
misconduct or a knowing violation of law; 
c. Any unlawful distribution; or 
d. Any transaction from which the director derived an improper 
   personal benefit. 

Section 6. Indemnification of Directors. The personal liability of each officer and 
director to the corporation or its members for monetary damages for 
conduct as a director or officer shall be eliminated under these bylaws 
in accordance with ORS 65.047(2)(c).

Article V 
Finances 

Section 1. Deposits. Funds of the Willamette Pedestrian Coalition shall be 
deposited by the Treasurer as directed by the Executive Committee. 

Section 2. Drafts or other orders for the payment of money. Checks, drafts, or 
other orders for the payment of money or other obligations incurred 
may be signed by the Treasurer or by such other persons as may be 
authorized by the Executive Committee of the Willamette Pedestrian 
Coalition.

Section 3. Expenditures and Contracts. Contracts and agreements requiring the 
expenditure of Willamette Pedestrian Coalition funds shall be approved 
by the Executive Committee.

Article VI 
Committees 

Section 1. Standing Committees. The Standing Committees are responsible for 
the major activities of the Coalition. A list of the Standing Committees 
should be maintained as part of the Operations Manual of the Coalition, 
and committees may be added or deleted at the discretion of the Board 
of Directors. Each committee should be chaired by a Director or an 
Officer.

Section 2. Ad Hoc Committees. At the discretion of the Board of Directors, ad 
hoc committees may be formed from the membership to deal with 
specific issues of limited duration. 

Section 3. Conduct of Committees. No committee or committee member shall 
take any action on behalf of the Willamette Pedestrian Coalition 
without the prior approval of the President of the Willamette 
Pedestrian Coalition.

Article VII 
Advisory Board 

Section 1. Purpose. The Advisory Board shall advise the Board of Directors on 
major policy issues.
Section 2. **Number and Eligibility.** The number of members of the Advisory Board, and the eligibility of members, shall be determined by the Executive Committee.

Section 3. **Appointments and Terms.** The members of the Advisory Board shall be appointed by the Executive Committee, and may serve for as long as they remain willing.

Section 4. **Meetings.** The Advisory Board shall meet at least once a year.

**Article VIII**

**Amendments to Bylaws**

Section 1. **Amendments.** The Bylaws may be amended, revised or repealed at any General or Annual meeting of the membership upon a two-thirds majority vote of the members present.

Section 2. **Notice.** Prior to the amendment of the Bylaws at any Annual or General Meeting, there shall be included in the written notice of said meeting sufficient information to advise the membership that such amendment shall be considered.

**Article IX**

**Dissolution of this Corporation**

Section 1. **Vote to Dissolve the Corporation.** The corporation may be dissolved upon a unanimous vote of the Board of Directors.

Section 2. **Distribution of Assets.** Upon the dissolution of this corporation, any remaining assets shall be distributed to the Pedestrian Federation of America for one or more exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code (or corresponding section of any future tax code). In the contingency that the named recipient is not then in existence or is no longer a qualified distributee, or is unwilling or unable to accept the distribution, said assets shall be distributed to 1000 Friends of Oregon for one or more exempt purposes as noted above. If the contingent recipient is not then in existence or is no longer a qualified distributee, or is unwilling or unable to accept the distribution, then the assets of this organization shall be distributed to a fund, foundation, or organization and operated exclusively for the purposes specified in section 501(c)(3) of the Internal Revenue Code, or shall be distributed to the federal government, or to a state or local government, for a public purpose. Any such assets not so disposed of shall be disposed by the Court of Common Pleas of the county in which the principal office of the corporation is then located, exclusively for such purposes or to such organization or organizations, as said Court shall determine that are organized and...
operated exclusively for such purposes.

It is hereby certified that the above and foregoing Revised Bylaws of the Willamette Pedestrian Coalition, based on the Bylaws adopted February 18, 1992, amended January 13, 1993, June 17, 1993, and January 13, 1994, were duly approved by the general membership at the general membership meeting held on December 28, 1995.

President

Recording Secretary
Things that might be included in the bylaws for a nonprofit corporation:

- What type of organization it is
- Mission statement
- Definition of members
- Provision for appropriate meetings
- Provision for meeting notices
- Provision for removal of members
- Provision for action without a membership meeting
- Provision for action by written ballot
- Membership rights and classes of members
- Qualifications for directors
- Number or range of directors
- Appropriate provision for election of directors, and specification of terms
- Provision for resignation of directors
- Provision for removal of directors
- Stated time and place for annual meeting
- Provision for filling vacancies on the board
- Provision for action without directors meeting
- Notice of directors meetings
- Provision for a quorum and voting by directors
- Committees
- Officers
- Provision for handling conflicts of interest
- Indemnification of directors
BYLAWS

OF

WalkSacramento

ARTICLE 1 -- OFFICES

SECTION 1. PRINCIPAL OFFICE

The principal office of the corporation is located in Sacramento County, State of California.

SECTION 2. CHANGE OF ADDRESS

The designation of the county or state of the corporation’s principal office may be changed by amendment of these Bylaws. The Board of Directors may change the principal office from one location to another within the named county by noting the changed address and effective date below, and such changes of address shall not be deemed, nor require, an amendment of these Bylaws:

_________________________ Dated: _______ 19_

_________ ______________________ Dated: _______ 19_

____________________________ Dated: _______ 19_

ARTICLE 2 -- NONPROFIT PURPOSES

SECTION 1. IRC SECTION 501(C)(3) PURPOSES

This corporation is organized exclusively for one or more of the purposes as specified in Section 501(c)(3) of the Internal Revenue Code, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under Section 501(c)(3) of the Internal Revenue Code.

SECTION 2. MISSION

WalkSacramento is dedicated to achieving safe, walkable communities — for personal health and recreation, for livable neighborhoods, for traffic safety, and for clean air.
SECTION 3. SPECIFIC OBJECTIVES AND PURPOSES

The purpose of this corporation shall be to preserve, develop and improve the Sacramento Region's pedestrian environment and resources through education, assistance, fundraising and other activities including:

(a) Sponsoring and supporting walking related events.

(b) Communicating the benefits of walking and walkable communities to the media, policy makers and the general public.

(c) Collaborating with related organizations to build awareness of safety needs in the walking environment, and to sponsor and support projects to increase community walkability.

(f) Working with city and county planners to develop pedestrian design standards and support funding for pedestrian infrastructure.

(e) Commenting on proposed plans and proposed projects to encourage the development of optimum pedestrian accessibility. Commenting on legislation to support measures and funding to enhance community walkability.

(h) Working with neighborhood groups to identify barriers to walking and measures to overcome the barriers.

(i) Working with schools and students to increase neighborhood walkability.

(j) Sponsoring conferences, meetings and workshops aimed at increasing understanding of walking issues.

(k) Sponsoring research on pedestrian accessibility and community livability.

ARTICLE 3 – DIRECTORS

SECTION 1. NUMBER

The corporation shall have a board consisting of not less than six directors nor more than thirty-five directors and collectively they shall be known as the Board of Directors. The initial number of directors shall be the number of directors named in the articles of incorporation; thereafter the number of directors shall be fixed by vote of the Board of Directors at the annual meeting of the corporation; provided, however, that the number of directors may be increased at any time by vote of a majority of the directors then in office.

SECTION 2. QUALIFICATIONS

Directors shall be of the age of majority in this state.

SECTION 3. POWERS

Subject to the provisions of the laws of this state and any limitations in the Articles of Incorporation and these Bylaws relating to action required or permitted to be taken or approved
by the members, if any, of this corporation, the activities and affairs of this corporation shall be conducted and all corporate powers shall be exercised by or under the direction of the Board of Directors.

SECTION 4. DUTIES

It shall be the duty of the directors to:

(a) Perform any and all duties imposed on them collectively or individually by law, by the Articles of Incorporation, or by these Bylaws;

(b) Appoint and remove, employ and discharge, and, except as otherwise provided in these Bylaws, prescribe the duties and fix the compensation, if any, of all officers, agents and employees of the corporation;

(c) Supervise all officers, agents and employees of the corporation to assure that their duties are performed properly;

(d) Meet at such times and places as required by these Bylaws;

(e) Register their addresses with the Secretary of the corporation, and notices of meetings mailed or telegraphed to them at such addresses shall be valid notices thereof.

SECTION 5. TERM OF OFFICE

Each director shall hold office for a period of two years and until his or her successor is elected and qualifies.

SECTION 6. COMPENSATION

Directors shall serve without compensation except that otherwise authorized by the Board of Directors.

SECTION 7. PLACE OF MEETINGS

Meetings shall be held at the principal office of the corporation unless otherwise provided by the board or at such other place as may be designated from time to time by resolution of the Board of Directors.

SECTION 8. REGULAR MEETINGS

Regular meetings of the Board of Directors shall be held each quarter at the time and date of the Board's choosing.

At the Annual Meeting of directors held in October, directors shall be elected by the Board of Directors. Voting for the election of directors shall be by written ballot. Each director shall cast one vote per candidate, and may vote for as many candidates as the number of candidates to be elected to the board. The candidates receiving the highest number of votes up to the number of directors to be elected shall be elected to serve on the board.
SECTION 9. SPECIAL MEETINGS

Special meetings of the Board of Directors may be called by the President, the President-Elect, the Secretary, by any two directors, or, if different, by the persons specifically authorized under the laws of this state to call special meetings of the board. Such meetings shall be held at the principal office of the corporation or, if different, at the place designated by the person or persons calling the special meeting.

SECTION 10. NOTICE OF MEETINGS

Unless otherwise provided by the Articles of Incorporation, these Bylaws, or provisions of law, the following provisions shall govern the giving of notice for meetings of the board of directors:

(a) Meetings. At least two weeks prior notice shall be given by the Secretary of the corporation to each director of each meeting of the Board. Such notice may be oral or written, may be given personally, by first class mail, by telephone, or by facsimile machine, and shall state the place, date and time of the meeting and the matters proposed to be acted upon at the meeting. In the case of facsimile notification, the director to be contacted shall acknowledge personal receipt of the facsimile notice by a return message or telephone call within twenty four hours of the first facsimile transmission.

(b) Waiver of Notice. Whenever any notice of a meeting is required to be given to any director of this corporation under provisions of the Articles of Incorporation, these Bylaws, or the law of this state, a waiver of notice in writing signed by the director, whether before or after the time of the meeting, shall be equivalent to the giving of such notice.

SECTION 11. QUORUM FOR MEETINGS

A quorum shall consist of a majority of the members of the Board of Directors then in office.

Except as otherwise provided under the Articles of Incorporation, these Bylaws, or provisions of law, no business shall be considered by the Board at any meeting at which the required quorum is not present, and the only motion which the Chair shall entertain at such meeting is a motion to adjourn.

SECTION 12. MAJORITY ACTION AS BOARD ACTION

Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present is the act of the Board of Directors, unless the Articles of Incorporation, these Bylaws, or provisions of law require a greater percentage or different voting rules for approval of a matter by the board.

SECTION 13. CONDUCT OF MEETINGS

Meetings of the Board of Directors shall be presided over by the President of the corporation or, in his or her absence, by the President-Elect of the corporation or, in the absence of each of these persons, by a Chairperson chosen by a majority of the directors present at the meeting. The Secretary of the corporation shall act as secretary of all meetings of the Board,
provided that, in his or her absence, the presiding officer shall appoint another person to act as Secretary of the Meeting.

Meetings shall be governed by Robert's Rules of Order, insofar as such rules are not inconsistent with or in conflict with the Articles of Incorporation, these Bylaws, or with provisions of law.

SECTION 14. VACANCIES

Vacancies on the Board of Directors shall exist (1) on the death, resignation or removal of any director, and (2) whenever the number of authorized directors is increased.

Any director may resign effective upon giving written notice to the President, the Secretary, or the Board of Directors, unless the notice specifies a later time for the effectiveness of such resignation. No director may resign if the corporation would then be left without a duly elected director or directors in charge of its affairs, except upon notice to the Office of the Attorney General or other appropriate agency of this state.

Directors may be removed from office, with or without cause, as permitted by and in accordance with the laws of this state.

Unless otherwise prohibited by the Articles of Incorporation, these Bylaws or provisions of law, vacancies on the board may be filled by approval of the Board of Directors. If the number of directors then in office is less than a quorum, a vacancy on the Board may be filled by approval of a majority of the directors then in office or by a sole remaining director. A person elected to fill a vacancy on the Board shall hold office until the next election of the Board of Directors or until his or her death, resignation or removal from office.

SECTION 15. NON LIABILITY OF DIRECTORS

The directors shall not be personally liable for the debts, liabilities, or other obligations of the corporation.

SECTION 16. INDEMNIFICATION BY CORPORATION OF DIRECTORS AND OFFICERS

The directors and officers of the corporation shall be indemnified by the corporation to the fullest extent permissible under the laws of this state.

SECTION 17. INSURANCE FOR CORPORATE AGENTS

Except as may be otherwise provided under provisions of law, the Board of Directors may adopt a resolution authorizing the purchase and maintenance of insurance on behalf of any agent of the corporation (including a director, officer, employee or other agent of the corporation) against liabilities asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, whether or not the corporation would have the power to indemnify the agent against such liability under the Articles of Incorporation, these Bylaws or provisions of law.
ARTICLE 4 - OFFICERS

SECTION 1. DESIGNATION OF OFFICERS

The officers of the corporation shall be a President, a President-Elect, a Secretary, and a Treasurer. The corporation may also have other such officers with such titles as may be determined from time to time by the Board of Directors.

SECTION 2. QUALIFICATIONS

Any person may serve as officer of this corporation.

SECTION 3. NOMINATIONS

The Board of Directors shall appoint a nominating committee consisting of no less than three directors. The nominating committee shall nominate one director for each office. The notice of the annual meeting shall include the names of the nominees.

SECTION 4. ELECTION AND TERM OF OFFICE

Officers shall be elected at the Annual Meeting of the Board of Directors, and shall hold office for a one-year term with the exception of the founding officers which shall serve until the first annual meeting.

SECTION 5. REMOVAL AND RESIGNATION

Any officer may be removed, either with or without cause, by the Board of Directors, at any time. Any officer may resign at any time by giving written notice to the Board of Directors or to the President or Secretary of the corporation. Any such resignation shall take effect at the date of receipt of such notice or at any later date specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. The above provisions of this Section shall be superseded by any conflicting terms of a contract which has been approved or ratified by the Board of Directors relating to the employment of any officer of the corporation.

SECTION 6. VACANCIES

Any vacancy caused by the death, resignation, removal, disqualification, or otherwise, of any officer shall be filled by the Board of Directors. In the event of a vacancy in any office other than that of President, such vacancy may be filled temporarily by appointment by the President until such time as the Board shall fill the vacancy. Vacancies occurring in offices of officers appointed at the discretion of the board may or may not be filled as the Board shall determine.
SECTION 7. DUTIES OF PRESIDENT

The President shall be the chief executive officer of the corporation and shall, subject to the control of the Board of Directors, supervise and control the affairs of the corporation and the activities of the officers. He or she shall perform all duties incident to his or her office and such other duties as may be required by law, by the Articles of Incorporation, or by these Bylaws, or which may be prescribed from time to time by the Board of Directors. The President shall preside at all meetings of the Board of Directors and, if this corporation has members, at all meetings of the members. Except as otherwise expressly provided by law, by the Articles of Incorporation, or by these Bylaws, he or she shall, in the name of the corporation, execute such deeds, mortgages, bonds, contracts, checks, or other instruments which may from time to time be authorized by the Board of Directors.

SECTION 8. DUTIES OF PRESIDENT-ELECT

In the absence of the President, or in the event of his or her inability or refusal to act, the President-Elect shall perform all the duties of the President, and when so acting shall have all the powers of, and be subject to all the restrictions on, the President. The President-Elect shall have other powers and perform such other duties as may be prescribed by law, by the Articles of Incorporation, or by these Bylaws, or as may be prescribed by the Board of Directors. The President-Elect shall automatically be nominated to become President in the year following her or his term as President-Elect.

SECTION 9. DUTIES OF SECRETARY

The Secretary shall:

Certify and keep at the principal office of the corporation the original, or a copy, of these Bylaws as amended or otherwise altered to date.

Keep at the principal office of the corporation or at such other place as the Board may determine, a book of minutes of all meetings of the directors, and, if applicable, meetings of committees of directors and of members, recording therein the time and place of holding, whether regular or special, how called, how notice thereof was given, the names of those present or represented at the meeting, and the proceedings thereof.

See that all notices are duly given in accordance with the provisions of these Bylaws or as required by law.

Be custodian of the records and of the seal of the corporation and affix the seal, as authorized by law or the provisions of these Bylaws, to duly executed documents of the corporation.

Keep at the principal office of the corporation a membership book containing the name and address of each and any members, and, in the case where any membership has been terminated, he or she shall record such fact in the membership book together with the date on which such membership ceased.

Exhibit at all reasonable times to any director of the corporation, or to his or her agent or attorney, on request therefor, the Bylaws, the membership book, and the minutes of the proceedings of the directors of the corporation.
In general, perform all duties incident to the office of Secretary and such other duties as may be required by law, by the Articles of Incorporation, or by these Bylaws, or which may be assigned to him or her from time to time by the Board of Directors.

SECTION 10. DUTIES OF TREASURER

The Treasurer shall:

Have charge and custody of, and be responsible for, all funds and securities of the corporation, and deposit all such funds in the name of the corporation in such banks, trust companies, or other depositories as shall be selected by the Board of Directors.

Receive, and give receipt for, monies due and payable to the corporation from any source whatsoever.

Disburse, or cause to be disbursed, the funds of the corporation as may be directed by the Board of Directors, taking proper vouchers for such disbursements.

Keep and maintain adequate and correct accounts of the corporation's properties and business transactions, including accounts of its assets, liabilities, receipts, disbursements, gains and losses.

Exhibit at all reasonable times the books of account and financial records to any director of the corporation, or to his or her agent or attorney, on request therefor.

Render to the President and directors, whenever requested, an account of any or all of his or her transactions as Treasurer and of the financial condition of the corporation.

Prepare, or cause to be prepared, and certify, or cause to be certified, the financial statements to be included in any required reports.

In general, perform all duties incident to the office of Treasurer and such other duties as may be required by law, by the Articles of Incorporation of the corporation, or by these Bylaws, or which may be assigned to him or her from time to time by the Board of Directors.

SECTION 11. COMPENSATION

The salaries of the officers, if any, shall be fixed from time to time by resolution of the Board of Directors. In all cases, any salaries received by officers of this corporation shall be reasonable and given in return for services actually rendered to or for the corporation.

ARTICLE 5 – COMMITTEES

SECTION 1. EXECUTIVE COMMITTEE

The Board of Directors may, by a majority vote of its members, designate an Executive Committee consisting of three or more board members and may delegate to such committee the powers and authority of the Board in the management of the business and affairs of the corporation, to the extent permitted, and except as may otherwise be provided, by provisions of law.
By a majority vote of its members, the Board may at any time revoke or modify any or all of the Executive Committee authority so delegated, increase or decrease but not below three (3) the number of the members of the Executive Committee, and fill vacancies on the Executive Committee from the members of the Board. The Executive Committee shall provide notice of its meetings to the Board and keep regular minutes of its proceedings, cause them to be filed with the corporate records, and report the same to the Board from time to time as the Board may require.

SECTION 2. OTHER COMMITTEES

The corporation shall have such other committees as may from time to time be designated by resolution of the Board of Directors. These committees may consist of persons who are not also members of the Board and shall act in an advisory capacity to the Board.

SECTION 3. MEETINGS AND ACTION OF COMMITTEES

Meetings and action of committees shall be governed by, noticed, held and taken in accordance with the provisions of these Bylaws concerning meetings of the Board of Directors, with such changes in the context of such Bylaw provisions as are necessary to substitute the committee and its members for the Board of Directors and its members, except that the time for regular and special meetings of committees may be fixed by resolution of the Board of Directors or by the committee. The Board of Directors may also adopt rules and regulations pertaining to the conduct of meetings of committees to the extent that such rules and regulations are not inconsistent with the provisions of these Bylaws.

ARTICLE 6 -- EXECUTION OF INSTRUMENTS, DEPOSITS AND FUNDS

SECTION 1. EXECUTION OF INSTRUMENTS

The Board of Directors, except as otherwise provided in these Bylaws, may by resolution authorize any officer or agent of the corporation to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances. Unless so authorized, no officer, agent, or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable monetarily for any purpose or in any amount.

SECTION 2. CHECKS AND NOTES

Except as otherwise specifically determined by resolution of the Board of Directors, or as otherwise required by law, checks, drafts, promissory notes, orders for the payment of money, and other evidence of indebtedness of the corporation shall be signed by the Treasurer and countersigned by the President of the corporation.

SECTION 3. DEPOSITS

All funds of the corporation shall be deposited from time to time to the credit of the corporation in such banks, trust companies, or other depositories as the Board of Directors may select.
SECTION 4. GIFTS

The Board of Directors may accept on behalf of the corporation any contribution, gift, bequest, or devise for the nonprofit purposes of this corporation.

ARTICLE 7 – CORPORATE RECORDS, REPORTS AND SEAL

SECTION 1. MAINTENANCE OF CORPORATE RECORDS

The corporation shall keep at its principal office:

(a) Minutes of all meetings of directors, committees of the board and, if this corporation has members, of all meetings of members, indicating the time and place of holding such meetings, whether regular or special, how called, the notice given, and the names of those present and the proceedings thereof;

(b) Adequate and correct books and records of account, including accounts of its properties and business transactions and accounts of its assets, liabilities, receipts, disbursements, gains and losses;

(c) A record of its members, if any, indicating their names and addresses and, if applicable, the class of membership held by each member and the termination date of any membership;

(d) A copy of the corporation's Articles of Incorporation and Bylaws as amended to date, which shall be open to inspection by the members, if any, of the corporation at all reasonable times during office hours.

SECTION 2. CORPORATE SEAL

The Board of Directors may adopt, use, and at will alter, a corporate seal. Such seal shall be kept at the principal office of the corporation. Failure to affix the seal to corporate instruments, however, shall not affect the validity of any such instrument.

SECTION 3. DIRECTORS' INSPECTION RIGHTS

Every director shall have the absolute right at any reasonable time to inspect and copy all books, records and documents of every kind and to inspect the physical properties of the corporation and shall have such other rights to inspect the books, records and properties of this corporation as may be required under the Articles of Incorporation, other provisions of these Bylaws, and provisions of law.

SECTION 4. PERIODIC REPORT

The board shall cause any annual or periodic report required under law to be prepared and delivered to an office of this state or to the members, if any, of this corporation, to be so prepared and delivered within the time limits set by law.
SECTION 1. LIMITATIONS ON ACTIVITIES

No substantial part of the activities of this corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation [except as otherwise provided by Section 501(h) of the Internal Revenue Code], and this corporation shall not participate in, or intervene in (including the publishing or distribution of statements), any political campaign on behalf of, or in opposition to, any candidate for public office.

Notwithstanding any other provisions of these Bylaws, this corporation shall not carry on any activities not permitted to be carried on (a) by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code.

SECTION 2. PROHIBITION AGAINST PRIVATE INUREMENT

No part of the net earnings of this corporation shall inure to the benefit of, or be distributable to, its members, directors or trustees, officers, or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes of this corporation.

SECTION 3. DISTRIBUTION OF ASSETS

Upon the dissolution of this corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of this corporation shall be distributed for one or more exempt purposes within the meaning of Section 510(c)(3) of the Internal Revenue Code or shall be distributed to the federal government, or to a state or local government, for a public purpose. Such distribution shall be made in accordance with all applicable provisions of the laws of this state.

SECTION 4. PRIVATE FOUNDATION REQUIREMENTS AND RESTRICTIONS

In any taxable year in which this corporation is a private foundation as described in Section 509(a) of the Internal Revenue Code, the corporation 1) shall distribute its income for such period at such time and manner as not to subject it to tax under Section 4942 of the Internal Revenue Code; 2) shall not engage in any act of self-dealing as defined in Section 4941(d) of the Internal Revenue Code; 3) shall not retain any excess business holdings as defined in Section 4943(c) of the Internal Revenue Code; 4) shall not make any investments in such manner as to subject the corporation to tax under Section 4944 of the Internal Revenue Code; and 5) shall not make any taxable expenditures as defined in Section 4945(d) of the Internal Revenue Code.

ARTICLE 9 — AMENDMENT OF BYLAWS

These Bylaws, may be altered, amended, or repealed and new Bylaws adopted by approval of the Board of Directors.
ARTICLE 10 -- CONSTRUCTION AND TERMS

If there is any conflict between the provisions of these Bylaws and the Articles of Incorporation of this corporation, the provisions of the Articles of Incorporation shall govern.

Should any of the provisions or portions of these Bylaws be held unenforceable or invalid for any reason, the remaining provisions and portions of these Bylaws shall be unaffected by such holding.

All references in these Bylaws to the Articles of Incorporation shall be to the Articles of Incorporation, Articles of Organization, Certificate of Incorporation, Organizational Charter, Corporate Charter, or other founding document of this corporation filed with an office of this state and used to establish the legal existence of this corporation.

All references in these Bylaws to a section or sections of the Internal Revenue Code shall be to such sections of the Internal Revenue Code of 1986 as amended from time to time, or to corresponding provisions of any future federal tax code.

ADOPTION OF BYLAWS

We, the undersigned, are all of the initial directors or incorporators of this corporation, and we consent to, and hereby do, adopt the foregoing Bylaws, consisting of 11 preceding pages, as the Bylaws of this corporation.

Dated: May 14, 1998

[Signatures]

Jane B. Celajesty
Ron Anderson
Joe Tramp
Harold B. Mason
Eugene J. Turner
Paul Smith
James Robb
Mike Kelley
Most nonprofit organizations come to management consultants with the same basic complaints: too little money, a burned out staff, a board that does nothing, no sense of direction. The first key to solving these organizational problems is diagnosing them correctly. Often these complaints—about money, fatigue, board inaction, drift—are only superficial symptoms of less obvious maladies.

Too many organizations fall into the trap of treating these symptoms without looking into the deeper, underlying causes. When that happens, the immediate pressures may be alleviated, but the real source of the condition remains. Therefore difficulties will flare up again at different times and perhaps in different forms.

Among the problems brought to management consultants from organizations both small and large, 10 stand out as the ones most frequently heard. The “Top 10”—and the more fundamental bases from which they spring—are the subject of this article.

“Our only problem is money.”

The number one lament of nonprofits is, “We can’t raise enough money.” This is usually not the fault of those who are most blamed—the funders. Rather, it may be a surface manifestation of a variety of ills: lack of clarity about the organization’s mission or direction; a failure to reassess purposes and goals in light of changed political, social or economic realities; avoidance of confronting whether the organization is still necessary and its program still relevant; clear vision and feasible program ideas but lack of coherent strategy for realizing them; or plans that are unrealistic in light of the organization’s resources or capabilities.

Even if the organization does have sound goals and a solid capacity for implementing them, other barriers may block successful fundraising. The most typical is that a staff is so wrapped up in programs that it spends too little time on fundraising.

Contrary to widely held belief, effective fundraising does not rest on inside information or mysterious technical know-how, but on the same kind of time-consuming research, planning and care that a substantive program requires. The problem is that fundraising too often gets shunted to the bottom of everyone’s “to do” list; the patient cultivation and long lead time needed to raise money are lost. The result is a funding crisis.

Some organizations think the answer is to hire a fundraiser. Although this can be useful, it is never a substitute for attention to fundraising by the organization’s leadership. Only they can develop the programmatic ideas that merit funding. And only they can convey the two elements that form the most compelling case to funders—the vision of the organization as a whole and the societal needs it addresses.

The importance of knowing the right people, having “access,” and acquiring sophisticated know-how are also overrated as avenues to fundraising success. Certainly it helps to learn basic fundraising techniques and to have friends help open doors.

But too often complaints about not having access or expertise become excuses for not facing the fact that either the organization is not putting in the hard work that fundraising requires or its program is not as strong and persuasive as it would like to believe.
"We don't participate enough in making decisions."

Leaders of nonprofits are particularly sensitive to staff complaints about "not enough participation in the organization's decision-making." Believing that their internal governing structure should be in keeping with their political and social values, nonprofit managers rush into democratization and collective decision-making.

Too often the results are endless staff meetings, proliferating committees, protracted consensus-reaching, postponed decisions, and continued dissatisfaction. The mistake lies in not looking deeper to find out what people may really be troubled about.

When staffs say they want to participate more, they are usually not asking to share in final authority for decision-making. Rather, they simply want to contribute to the decision-making process and, even more importantly, they want to know that their views are being seriously considered and that their ideas are valued. What is often seen as a demand for more power in an organization is actually a desire for a greater sense of contribution and a need for more feedback and affirmation.

People in organizations—particularly in nonprofits—want to feel that they make a difference. This is as true for the top program person as it is for the least paid clerical worker.

A staff can be given that sense of worth even in the most traditionally structured organizational model. Most people accept and even want some hierarchy; they understand that every team needs a captain and are content so long as the importance of every other member of the team is recognized. It is a foolish captain who doesn't realize that the questioning, suggestions, and perspectives of the staff are indispensable to his or her effective decision-making.

"I have to do everything around here."

Executive directors of nonprofits often complain that they "have to do too much." That usually means they are single-handedly carrying the load of keeping the organization going—doing all the fundraising, decision-making and worrying. Overworked and overburdened, they think the answer is to hire an "executive secretary" or to enroll in a time-management course.

Too often the real problem is the director's unwillingness to let go and share ownership of the organization—or th. staff's unwillingness to give up being taken care of and assume responsibility for the organization as a whole.

When the director is the problem, he or she is usually a loner, has a weak board of directors, no internal support group, and is convinced that no one else in the organization can get the job done as well as he or she can. The reward for this person is a lot of power. The cost is an overwhelming burden of responsibility, a staff that is alienated by the lack of delegation and sharing, eventual burnout, and the crippling of the agency, which cannot grow within the confines of such exclusionary leadership.

When the problem is with staff members, they typically blame their lack of involvement on the director's "authoritarian" ways, not admitting that they are not really willing to take on the range of jobs and sense of responsibility that must come with institutional ownership. Such a staff wants to be free to spend all of its time on program matters. It demands to be brought in on all important organizational decisions—but then wants to leave all of the fundraising and other vital maintenance tasks to the director.

"Where are we going, what are we all about?"

When an organization complains that it no longer knows what it's about or where it's going, it is time to examine its growth. It is time to see whether it is too feverishly in pursuit of funding.

Nothing leads faster to a loss of identity and direction than a program that has become shaped more by funding opportunities than by the real needs and issues. This is the organization that has first asked, "what are funders interested in?" and then developed projects to fit those interests, regardless of whether the projects matched the organization's true priorities.

Such organizations are typically divided into separate projects that compete for funds, hardly ever talk to each other, and have become more concerned about their own survival than about the central purpose of the organization. There is no team feeling, no excitement, and a waning sense of conviction about the value of the organization's work. The irony is that the funding problems of these

Susan Gross is co-director of the Planning and Management Assistance Project (PAMAP), a nonprofit management counseling group that helps nonprofits diagnose and deal with the organizational problems. PAMAP has offices in Washington, D.C., and Santa Barbara, California.

FOUNDATION NEWS, JANUARY/FEBRUARY 1983 23
organizations never cease and they must keep coming up with new projects and schemes.

Tough program reassessment, some hard truth-telling, and often consolidation and even cutbacks in projects of questionable importance are essential to restoration of the organization's vigor and vision. Sometimes such organizations are so ensnared in thinking in terms of what they call "funding realities" that they must be pushed—frequently by the board—to dream and risk again.

"We're burned out!"

An organization that is suffering from "burnout" and high staff turnover must look carefully to see whether it is stuck in any of the syndromes just described, because each of them can demoralize the staff. But burnout and high turnover can have a much simpler cause, namely, a lack of attention by the group's leadership to the care and nurturing of the staff.

Nonprofit organizations make the mistake of believing that working for a worthy cause is reward enough for long hours and low pay. It isn't—but that doesn't mean the only answer is higher pay scales or better benefit packages.

Sometimes all the staff needs is more feedback and recognition—a better sense that its commitment and efforts are known and appreciated. Sometimes more individual visibility or increased opportunities for training or professional growth are what the staff requires. And sometimes it can be as simple as making sure staff members know that their organization knows they are human beings, with birthdays, personal problems, and a need for healthy doses of time for themselves and their families.

One public policy research center reinforced energy in its staff merely by freeing them from the guilt they felt for not following the example unconsciously set by their executive director—a man who never took vacations, never left the office before 7:00 p.m., and never asked to be reimbursed for his out-of-pocket expenses.

"All we need is a staff retreat."

Organizations that are suffering from communication breakdowns, undercurrents of tension, and continual flare-ups among the staff often think the answer is a staff retreat where they can "clear the air" and get themselves back together. While a retreat can produce temporary rapprochement, the bickering and breakdowns often return and the organization finds itself laced with tension again. So they go on a second retreat, this time with a professional facilitator—only to have the stress reappear.

The problem, of course, is that the organization has not probed the source of the recurring anger. The most frequent cause is a lack of clarity about who is responsible for what, who has authority for what.

Ironically, what often underlies this ambiguity is avoidance of the real conflict: a basic struggle over power. This is the organization that is unwilling to sit down and wrestle through fundamental questions of power and authority. So it leaves things unclear, the conflict never gets resolved, and the result is constant skirmishing in which the circumstances are different but the basic issue persists.

This condition particularly afflicts organizations that have operated in a family style, where roles are informal and interchangeable. These groups have a hard time coming to grips with the fact that they have outgrown that mode of operating and need to define roles more clearly.

Such groups are also often fearful of surfacing disagreements and hurting each other's feelings. One of the healthiest things they can discover is that they can have internal differences and successfully deal with them. What makes conflict insidious is the failure to acknowledge it and to confront the real issues.

"All we need is better systems."

A variation of the "all we need is a retreat" theme is the organization that claims that all it needs is "better systems and procedures." These organizations are trying to find easy answers to management problems. They are hoping that "management by objectives" or some other clever process or magical structure will remove all of the aches and snags. They want rules, systems, and carefully spelled-out procedures.

The trap is that they are concentrating on finding the right systems rather than on establishing the solid relationships, open communication, and clear lines of authority and responsibility that are the bedrock of any organizational structure—and for which there are no easy how-to's.

The more systems there are, the more loopholes. Systems can never relieve one from being responsible for the tough judgment calls, risk-taking and difficult decisions that are the inevitable burden of institutional leadership. It is also impossible to legislate out all of the confusion, ambiguity, and conflict in organizational life.
Most nonprofits attract leaders whose hearts lie in programs and policy, and they often believe their problem is that they “don’t know how to manage.” At the root of this complaint is a misguided mystification of management—a belief that management is a highly skilled task that depends on knowing techniques that one can only learn at business school. Nothing is further from the truth.

While some useful approaches and procedures can be learned, sound management depends principally on building good collaborative relationships with people and having roles, responsibilities, lines of communication, and purposes clear. That takes hard work, not arcane know-how.

Good management also depends on managers having a realistic understanding of their own limitations. It is a rare executive director who excels at all aspects of nonprofit leadership: vision, inspiration, supervision, program development, financial management, fundraising and public relations.

Leaders become most effective when they know where they are strong, where they are not, and then hire people and build management teams that make up for their deficiencies.

The staffs of nonprofits frequently complain that their boards “do nothing.” They think the answer is either to get new members or to “involve” the old ones by sending them more materials—which the board never reads. But the problem may lie within the staff. Nonprofit staffs often expect too much. They do not understand that board members—volunteers with fulltime jobs of their own—are rarely willing to exercise initiative or take on extra tasks. Rather, boards usually want to be told what is needed and what they absolutely must do.

The staff’s failure to provide board members with leadership and to suggest sparing but clear-cut expectations of performance, tied to each board member’s own interests and abilities, is often why they end up doing nothing.

But providing that kind of guidance can backfire. Boards also end up doing nothing when the staff assumes so much leadership and is so powerful that board members feel they have no special contribution to make or role to play. If staff members want the board to participate in fundraising and other organizational maintenance tasks, they would be wise to engage the board in substantive policy discussions and program development as well. The hardest working board members are those who share the organization’s vision and clearly recognize that they are helping in its realization.

Then there’s the opposite complaint—the board viewed as meddling, mistrustful, and domineering. This is the board that seems to expect and demand too much, is never satisfied, and injects itself too deeply into the day-to-day affairs of the organization. It is often made up of people who founded the organization or who helped run its programs as volunteers. They have a clear picture of how things should be done (the way they did it) and can’t seem to let go.

The staff tends to respond in one of two ways. Either it resists, which generally winds up in more mistrust and interference, with everyone furious at each other, or it submits, trying to do everything the board wants, only to become increasingly resentful, uncreative and dissatisfied. The result in both cases is usually a continual turnover of staff leadership, either because they’ve quit or been fired.

Contrary to what most staffs believe, the problem here is generally not a power-hungry board but a board that is ignorant of its proper role. More often it is a board so deeply committed it has a hard time finding a way to feel useful without getting overly involved.

The board’s “interference” is thus actually a misdirected expression of its caring; the challenge for both the board and staff is to work together to find appropriate ways to channel that energy and dedication, not squelch it.

This does not mean it is all right for the interference to continue. An overbearing board can be costly to an organization’s effectiveness. No staff can perform well in an environment where it is being second-guessed, undercut or feels that its competence and judgment are in question. Staffs need validation and support from their boards just as much as they need oversight and holding to account.

The value of boards lies in their ability to not get caught up in operational detail, in order to maintain a broad perspective and offer a fresh point of view. Sometimes, indeed, the most important contribution a board can make is keeping alive a sense of vision and purposefulness for a staff that has become so overwhelmed by everyday demands that it has lost sight of what its job is really about.
Having Good Meetings

by Regan McClure

Definitions

Agenda - a list of topics that will take place at a meeting. Agendas usually include the time given to discuss each topic.

Agenda item - a topic on the agenda.

Brainstorming - a creative process where people generate as many ideas as they can without evaluating them until later.

Facilitator - someone who coordinates the process of the meeting.

Go around - where each person around the room has a chance to speak briefly about the issue.

Minutes - the written record that documents the decisions and participants of a meeting.

Minute taker - someone who writes down the minutes and types them up for the group to review at the next meeting.

Process - the patterns of the group's interactions in the meeting, as opposed to the content or outcome of the meeting.

Speaker's list - a list of who's turn it is to speak in a meeting. If someone wants to speak, they raise their hand or catch the attention of the facilitator. People are allowed to speak in order of when they put their hand up. This prevents people from interrupting others or talking a lot.

Tabling an item - putting off a discussion until the next meeting, often because of a need for more information or thought.

Timekeeper - someone who reminds the group of how quickly the time is slipping away.

Having good meetings

Preparation

Define the purpose of the meeting.

Set the agenda for the meeting.
Set the date, location and time of the meeting and inform everyone who might want to attend.

Make sure everyone who has information that's important to the meeting can attend or will send information.

Facilitating the discussion

Appoint a minute taker, facilitator and a timekeeper.

Review the agenda and see if there are any new items.

Set times to discuss each item.

Open the discussion of each item with a brief background and a summary of what is the group is being asked to do with this item (decide, approve or just listen). Ensure that everyone has a chance to participate equally to the discussion and that the meeting stays on topic.

To end the discussion of a topic, the facilitator should summarize the decision made or action to be taken and do a final check for the group's approval.

Follow-up

The minutes taker should write down the topics, a brief outline of the discussion and what decisions were made. If an action is to be taken - the minutes should record who agreed to take on the work.

The minutes should be circulated after the meeting so people are reminded about tasks they've agreed to.

**Common problems**

1. **The meeting wasn't needed.** The decisions, announcements or information could have been dealt with in another way. Too many meetings make people tired and confused.

   **Solution** - try and develop methods to deal with these issues outside of meetings - by phone, fax or mail.

2. **Attendance was poor.** The meeting may have been missing some key people who had important information or were needed to approve certain decisions (often financial ones). Sometimes the meeting is held with short notice on at a bad time. Also, people may arrive late or had to leave early - disrupting the agenda and rushing everyone else.

   **Solutions:**

   Always start on time, even if everyone isn't there yet. Offer food at the beginning of the meeting to bribe people to arrive early.

   Make a rule that if someone can't make a meeting, they call to let you know.
Make sure that people who are presenting a proposal or who have background information needed to make a decision can attend. If not, they should send the information some other way.

Set a time for the meeting to end. Ask people to commit to the full length of the meeting.

When the date for the next meeting has been set, contact everyone who wasn't at the previous meeting so they don't lose contact with the group's schedule.

Call and remind people about the meeting 2 days beforehand.

3. **The location was unsuitable.** Some rooms are difficult to hear people speaking, or they are so cramped it's hard to make eye contact with everyone there. There may be other noises or distractions - cold, heat, lack of food, hard to find, not accessible by wheelchair.

   **Solution** - always check out the facilities beforehand.

Checklist:

- ___ are there enough chairs? Can you arrange them the way you'd like?
- ___ does everyone know how to get there?
- ___ do they have a chalkboard, flipchart paper, overhead projector or other equipment you might need? Do you need to book this equipment in advance?
- ___ is there adequate heat, ventilation, lighting in the room?
- ___ are there likely to be distractions during your meeting - strong sunlight coming directly into the room, rush hour traffic outside the open window, other meetings or loud activities in a nearby room.
- ___ do you have a key? Is there someone you can call if you problems getting in?

4. **The purpose of the meeting isn't clear.** There may be no clear agenda, or the items on the agenda may be badly defined, for example, people may not know if they are being asked to make a decision, listen to an announcement, brainstorm a solution or accept a proposal. If the goal of the meeting isn't clear, the group runs the risk of nothing being decided.

   **Solution** - define the goals of the meeting.

Make a clearly outlined agenda and stick to it.

Classify agenda items - are they announcements, updates, items for discussion or does a decision need to be made?
5. **The facilitator was inadequate.** Some meetings are more demanding than others. There is no "perfect" facilitator, but sometimes people aren't up to the challenge, and allow the discussion to digress, conflicts to rage and proposals to be confused.

**Solutions:**

In a group where everyone has similar skills at facilitating, rotate facilitators so everyone gets a chance to improve their skills.

Provide training on facilitating meetings, especially if there are some people who have little or no experience in facilitating.

Have co-facilitators for a meeting, this is also a good way to train people.

For difficult meetings, get an outside person who is trained to take over.

6. **New people at the meeting don't know what's going on.**

**Solutions:**

If there are going to be new people at the meeting, make sure someone can welcome them before the meeting begins.

New members should be able to see the minutes from previous meetings, get background information about the items to be discussed at the upcoming meeting and a time to ask questions.

Have new people sit next to someone who can answer their questions during the meeting.

**Bibliography**

*The Perfect Meeting* by David Sharman, Random House, London, 1993. An excellent, and brief, guide to holding meetings. Include formal and business-type meetings, as well as consensus and innovative techniques.


*Chairing a Meeting with Confidence: An easy guide to rules and procedures* by Kevin Paul, Self-Counsel Press, Vancouver, 1992. Very useful for official meetings - Annual General Meetings, Elections of a Board, deputations etc. Includes a simplified set of rules and loads of information on preparing for a meeting.
WalkSacramento Board Meeting

WalkSacramento is dedicated to achieving safe, walkable communities in the Sacramento metropolitan area -- for personal health and recreation, for livable neighborhoods, for traffic safety, and for clean air.

January 4, 2000
7:00 a.m.
Greta’s, 19th & Capitol Avenues, Sacramento

AGENDA

1. Introductions -- Welcome to new board member, Kitty Esposto

2. Approval of minutes & Treasurer's Report

OLD BUSINESS

3. Annual Meeting
   Setting date
   Program for meeting: Potluck, Sharing favorite books and/or stories about walking -- a beginning for our "virtual library?" Slide show?
   Announcement of new board and officers, Summary of accomplishments, strategic planning or priority setting? -- What else?

4. Board Candidates update: -- All
   BoardLink candidates update
   Atty candidate
   Cardiologist candidate
   Position wanted announcement for Jane H. to circulate

5. Safe Communities Grant Update -- Ron and Anne
   Kick-off meeting February 23rd -- Safe Routes to School workshop
   Report on GIS meeting -- Ron

6. Design & Advocacy Meeting -- update and next topic? -- Larry R.
   Sidewalk recommendations to SACOG's Bike/Ped committee & others

7. Update on Carl Guardino meeting

NEW BUSINESS

8. 1st meeting of Walking Events Committee -- January 6th

9. PERS Building -- 3rd meeting, January 5th, 5 p.m.
   Hazel Avenue Widening Final EIR -- Comment? Hearing Jan 18th
   Meet with Supervisor Niello?
   Sacramento Trails Plan Meeting -- January 13

10. Schedule for upcoming year -- meetings with elected officials

11. Other issues
Minutes of the Willamette Pedestrian Coalition
Board of Directors Meeting
Thursday, January 25, 1996
Portland Building, Room A

Members present: Nancy Christie, Ellen Vanderslice, Doug Klotz, Jeremy Grand, Pamela Alegria, Barbara Plummer.

1. The meeting was called to order by President Nancy Christie at 7:13 pm. Minutes of the December 28, 1995, general membership meeting were approved.

2. Treasurer's report: in Bob's absence, Nancy handed out the Treasurer's annual report for the year January 1 to December 31, 1995. The beginning balance was $2460.70 and the ending balance was $2731.74. However, of this total, $971.00 represents the computer account and $1078.19 represents the dedicated office account.

   Nancy noted that one cost-saving measure is the switch over to an inexpensive voice-mail system. However, US West will not provide free forwarding for our old phone number, and Nancy paid to have the old account reinstated. It was moved, seconded and passed that WPC will pay to continue the old telephone account for an unspecified period of time in order to have calls forwarded to the new account.

   Nancy distributed a copy of a letter thanking Katherina Woodward for her generous support of WPC and for her service representing WPC on the Coalition for a Livable Future.

   It was again noted that renewal letters to members are overdue, and Ellen again promised to try to get them done, hopefully before the next board meeting.

3. Inside Committee/Project Reports

   a. Newsletter: Doug reported that the next newsletter should be out the first week of February.

   b. Nominating Committee: Steve Dotterrer has agreed to chair the nominating committee for the 1996 Board elections. Nancy requested volunteers for the committee. Ellen agreed to assist and to try to recruit a third person.

   c. Slide Show: We discussed how and when to use the slide show. Nancy would like to get a speaker's bureau going to make use of volunteers like Fred Russell who are interested in giving the show.

4. Outside Committee/Project Reports
a. NE Broadway/Weidler corridor: Pamela noted that the next big public meeting will be the evening of March 7 at the Grace Memorial Episcopal Church.

b. River District: Doug and Ellen gave a report on issues regarding the draft River District Street Rights-of-Way document distributed by the Bureau of Transportation Engineering and Development. Doug has submitted a WPC position paper. One of the primary issues is the use of private streets, but there are also design issues of concern. The Pedestrian Program CAC raised some of these issues during a presentation by the River District team, and expect a response at their next meeting on February 20.

c. SE Hawthorne: The Pedestrian Program held a large public meeting to kick off the Hawthorne study. Doug reported that the main sentiment of the residents of the area seemed to be that they don’t want change. Nancy noted that Lenny Anderson, who was to have represented Sunnyside Neighborhood Association on the CAC for Hawthorne, is moving to NE.

d. Pedestrian Program: Ellen reported that TSP Phase One changes to the Comprehensive Plan were heard before the Planning Commission on January 23.

e. Bicycle Program: Barbara noted that the Bicycle Master Plan is slated to be adopted by resolution when TSP Phase One changes go to City Council.

f. Coalition for a Livable Future: Pamela agreed to do reconnaissance on the Coalition; we will discuss a new representative at the next board meeting.

g. Reclaiming Our Streets: Nancy reported on the massive education effort for photo radar. Nancy has been out to nine neighborhood meetings in two months. Others on the ROS team have also done their part.

h. Sidewalk Management Ordinance: the proposed new ordinance was heard at City Council on January 17, but no action was taken.

5. Proposed projects/endorsements

a. Southwest Community Center siting: Nancy distributed a copy of a letter from WPC to Mayor Katz requesting a full public hearing on the siting issue. There will be a City Council informal on February 13 at 9:30 am; attendance is by invitation.
b. WalkUS: Ellen requested that WPC support the concept of a national coalition of pedestrian advocacy groups. So far, the groups expressing interest are WalkBoston, WPC, WALK New York, and Walk Austin. Doug moved that WPC support the concept of WalkUS, as long as there is no financial burden on WPC, and as long as WalkUS doesn’t usurp an excessive amount of Ellen’s time. Pamela seconded the motion, which passed unanimously.

c. Fair Opportunity: the East Multnomah County Soil and Water Conservation Corps has invited WPC to take a table at a fair to be held Saturday, March 2, at Madison High School. Barbara thought she might be able to staff a table, but later found she had a conflict. Ellen talked to BTA about sharing a table, will need volunteer(s) for staffing.

6. Other issues: Jeremy Grand raised the issue of bike lanes being signed “Bikes Only”, which would appear to exclude pedestrians. Barbara said that to her knowledge there was no problem with pedestrians using the bike lane. Ellen noted that there is a legal problem with signing on-street bike lanes as being for both peds and bikes, since ADA requires ped facilities (if provide) to be separated from the roadway (e.g. by a curb). Jeremy pointed out that the old shoulder on Multnomah Blvd. was available for ped travel, but has now been replaced by bike lanes. Ellen noted that this relates to the original WPC “Principles for Pedestrian Facilities.” Principle 1.4 states: Existing pedestrian facilities must not be removed. If ‘modernization’ of existing facilities (such as highways) requires right-of-way which has been available for pedestrian and bicycle use (such as a shoulder), the facilities removed must be replaced with equal or superior facilities.”

7. The meeting was adjourned at 9:00 pm.

Respectfully submitted,

Ellen Vanderslice
WPC Recording Secretary

Just a reminder...

Willamette Pedestrian Coalition
Board of Directors Meeting
Thursday, February 22, 1996
7:00 pm
Portland Building, Room A
1120 SW Fifth Avenue (on the Transit Mall)
A Legal Checklist for Nonprofits

Modified by Andy Hamilton, WalkSanDiego, from
American Corporate Counsel Association

I. Legal Form and Governance

If you are incorporated and/or tax-exempt, you are subject to review by federal and state regulators, and you have to meet certain government requirements to stay in business. Your own organizational documents may contain other limits. You need to understand those limits and how to stay within them.

<table>
<thead>
<tr>
<th>Questions To Ask Yourself</th>
<th>Why This Is Important</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Is your organization incorporated as a nonprofit public benefit corporation?</td>
<td>The most important advantage of incorporating as a nonprofit organization is to insulate your directors, staff, and volunteers from personal liability should someone sue the organization. However, once incorporated, an organization must meet various state and federal requirements, or risk losing incorporation status.</td>
</tr>
<tr>
<td>b) Has your organization received tax exemption under IRC Section 501(c)(3)?</td>
<td>As a tax-exempt organization, you avoid paying taxes in most instances, and contributor gifts are tax deductible. However, as a 501(c)(3), the organization is restricted to activity that is consistent with the mission of the organization, and remains within legal confines. Examples of prohibited activities include: - endorsing a political candidate - raising money by engaging in commercial activities inconsistent with the organization's mission</td>
</tr>
<tr>
<td>c) Do you maintain current copies of your bylaws, minutes of board meetings and other corporate records?</td>
<td>This is a requirement of non-profit corporations. Failure to maintain these records could jeopardize the legal status of the organization.</td>
</tr>
<tr>
<td>d) Do you provide orientation or training to board members on their legal duties?</td>
<td>Board members have a legal obligation to ensure the organization is conducting itself in accordance with its bylaws, consistent with its mission and within legal limits. Most board members require training to perform this function well.</td>
</tr>
<tr>
<td>e) Do you maintain directors &amp; officers insurance?</td>
<td>This is important to further shield board members from personal liability, and helps attract strong board members willing to support the organization financially.</td>
</tr>
</tbody>
</table>
### A Legal Checklist for Nonprofits

#### Questions To Ask Yourself

<table>
<thead>
<tr>
<th>Question</th>
<th>Why This Is Important</th>
</tr>
</thead>
<tbody>
<tr>
<td>f) How many directors sit on your board, and how are they selected?</td>
<td>A healthy organization depends on a strong board. It is important to select board members in accordance with by-law procedures. Periodic turnover of boards and officer positions also helps ensure fresh oversight of the operations of the organization. Stagnant boards sometimes fail to appreciate changes in the law that could put the organization at risk. If the most active board members are the same people year after year, you should consider whether the organization’s mission and approach are still relevant.</td>
</tr>
<tr>
<td>g) Does your organization have any affiliate organizations that control or are controlled by your organization, or share board members, staff or facilities?</td>
<td>Shared board members, staff, or facilities can also mean shared liability. All parties to such arrangements should be knowledgeable about the operations and obligations of every group or individual with which they may be connected. This may mean receiving regular reports of activity, reviewing financial statements, grant requests, etc., and ensuring insurance coverage matches the levels and kinds of activities and facilities.</td>
</tr>
</tbody>
</table>

### II. Reporting & Compliance with Federal, State and Local Regulations

#### Questions To Ask Yourself

<table>
<thead>
<tr>
<th>Question</th>
<th>Why This Is Important</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Does your organization file annual informational returns to the IRS (IRS Form 990, 990-PF)?</td>
<td>If you file annual financial reports with the IRS or local/state officials, the content of those reports is used to determine whether or not you still qualify for corporate and tax-exempt status. Information in those reports is also available to the public. You should know exactly what your filing requirements are and have adequate internal systems to ensure complete and accurate reports are filed on a timely basis. Organizations exempt under Section 501(c)(3), other than religious organizations or those with gross revenue below $25,000, are required to file federal reports.</td>
</tr>
<tr>
<td>b) Do you make your IRS Form 990 returns available for public inspection?</td>
<td>This can be done by hard copy, posting on the Web, or sending notices about how to obtain or view the document.</td>
</tr>
</tbody>
</table>
A Legal Checklist for Nonprofits

### Questions To Ask Yourself

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>c)</strong> Does your organization file annual reports with the state attorney general, secretary of state, or other agency (depending on state law)?</td>
<td>There may also be state reporting requirements, depending on the size and purpose of the organization. Failing to file these in a timely manner can lead to revocation of the organization's incorporation status.</td>
</tr>
</tbody>
</table>

### Employment & Human Resources

#### Questions To Ask Yourself

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>a)</strong> Do you have employees? If so, how many?</td>
<td>If you have employees or independent consultants, you must comply with payroll and withholding requirements and with a host of federal and local laws that regulate employment relationships. You should know your rights and obligations as an employer and move quickly to strengthen any areas where proper compliance is in question.</td>
</tr>
<tr>
<td><strong>b)</strong> Do you distinguish between non-exempt employees, and exempt employees?</td>
<td>Employees whose duties are more administrative typically are &quot;non-exempt&quot; and are paid hourly, while those who exercise significant discretion in how they perform their work are treated as &quot;exempt&quot; and are paid salaries. Blurring of this distinction can lead to legal trouble for an organization, as it bears on whether and what level of benefits an employee receives. Make sure you are clear on how to apply these categories to your employees.</td>
</tr>
<tr>
<td><strong>c)</strong> Do you hire independent contractors?</td>
<td>If so, you need to be clear about their duties, and not veer into the practice of using independent contractors as &quot;employees&quot; and thereby improperly avoid paying the employer's portion of payroll taxes.</td>
</tr>
<tr>
<td><strong>d)</strong> Do you have a personnel policy manual? Has it been reviewed within the past two years for changes in the law?</td>
<td>Both employees and employers should be aware of their rights and responsibilities under the law. A manual is a good way to make sure everyone keeps abreast of changes.</td>
</tr>
</tbody>
</table>
IV. Owned or Leased Property

<table>
<thead>
<tr>
<th>Questions To Ask Yourself</th>
<th>Why This Is Important</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Do you own, or lease as a tenant, any land or buildings?</td>
<td>If you own or rent real estate, you have certain legal rights and obligations. These include property taxes, building code compliance, leasing, insurance and zoning or other use restrictions. You need to make sure you understand your legal rights and obligations.</td>
</tr>
<tr>
<td>b) If you own any land or buildings, do you lease any portion of it to another party?</td>
<td>In addition to the above issues, you should ensure the kinds of tenants you have, and their activities, are allowed by zoning and local codes. You also need to ensure both you and your tenants are complying with respective responsibilities specified in the lease agreement.</td>
</tr>
<tr>
<td>c) Do you lease any significant equipment items, such as a copier, telephone system, or machinery?</td>
<td>If you lease significant equipment, such as a copier or telephone system, you need to keep track of your rights and obligations.</td>
</tr>
<tr>
<td>d) If your state offers it, have you sought or obtained exemption from real or personal property taxes?</td>
<td>As a non-profit organization, you may be exempt from property taxes.</td>
</tr>
</tbody>
</table>

V. Reputation, Branding & Intellectual Property

<table>
<thead>
<tr>
<th>Questions To Ask Yourself</th>
<th>Why This Is Important</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Do you allow any third parties to use your name and any logos or marks (such as through a cause-related marketing campaign by a for-profit)?</td>
<td>Your organization’s reputation may be its most important asset, so you must protect against confusion between your organization and the activities of others with similar names and mission, or the use of your organization’s name by another party. If you want to have exclusive rights to use your name (or prevent others from using it), you need to know about trademarks. Two good first steps are researching whether any other uses of your name exist (see <a href="http://www.uspto.gov">www.uspto.gov</a>) and placing a service mark (SM) after the first use of your name in any document.</td>
</tr>
</tbody>
</table>
### A Legal Checklist for Nonprofits

#### VI. Advocacy, Lobbying & Political Activity

<table>
<thead>
<tr>
<th>Questions To Ask Yourself</th>
<th>Why This Is Important</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>b)</strong> Do you publish information or data you consider proprietary, the use of which by others you would like to control or restrict?</td>
<td>If you publish or distribute materials to the public, you should know the rules of copyright.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Questions To Ask Yourself</th>
<th>Why This Is Important</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>a)</strong> Do you advocate on behalf of your clients (members, constituents) or cause before non-elected government agencies or officials?</td>
<td>Be mindful of state laws that prohibit the unauthorized practice of law.</td>
</tr>
<tr>
<td><strong>b)</strong> Do you support or oppose legislation, either directly by contacting legislators or indirectly by urging the public to express your view to legislators?</td>
<td>As a general rule, no substantial part of the activities of a Section 501(c)(3) organization may be &quot;carrying on propaganda, or otherwise attempting, to influence legislation.&quot; However, other tax-exempt organizations, such as civic leagues, chambers of commerce, trade associations, and social clubs, have no absolute limitations on lobbying. A lawyer can help you to determine what activities are acceptable for your organization.</td>
</tr>
<tr>
<td><strong>c)</strong> If you do support or oppose legislation, do you write letters of support, meet with legislators, even propose measures to legislators? Do you track staff time and expenses for these efforts?</td>
<td>Keeping track of time and money spent on supporting or opposing legislation is important to ensure your organization stays within legal limits, generally a small percentage of the overall budget and staff time.</td>
</tr>
<tr>
<td><strong>d)</strong> If staff members participate in political campaigns, do they do so on their own time, and do they clearly indicate that any endorsements are not meant to represent the organization?</td>
<td>Supporting or opposing legislation is permissible within applicable limits, but supporting or opposing political candidates is absolutely prohibited.</td>
</tr>
</tbody>
</table>
### VII. Compliance with Grant and Contract Requirements

<table>
<thead>
<tr>
<th>Questions To Ask Yourself</th>
<th>Why This Is Important</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Do you have any restricted grants or contracts? If so, which are from government sources and which are from private funders?</td>
<td>If you receive restricted funds (funds earmarked for specific uses) through a grant or contract from a private or government funder, you’ll have to stay in compliance with the terms of your contract or grant. In doing so, you will need to track how restricted grant or contract funds are spent and ensure they are not spent on prohibited uses, such as, typically, general and administrative costs, and be prepared to demonstrate to what extent you performed the required activities or met the objectives of the grant or contract.</td>
</tr>
<tr>
<td>b) How do you account for (i) expenditure of funds, and (ii) fulfillment of the activities and objectives of the grants or contracts?</td>
<td>Once your organization reaches a certain size, appropriate accounting systems customized for your operations are a good investment. The granting source or contracting agency, and/or the IRS and state tax collection authorities will want reports of the use of funds, accounting of activities, and the results obtained.</td>
</tr>
</tbody>
</table>

### VIII. Earned Revenue & Unrelated Business Income Tax

<table>
<thead>
<tr>
<th>Questions To Ask Yourself</th>
<th>Why This Is Important</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Do you charge clients for your services?</td>
<td>If you own or operate a business, either within your organization or through a separate entity, or if you charge for services to the public, you need to know about the tax rules that govern these activities. You may also need help to structure your business relationships correctly and make sure that proper oversight is in place.</td>
</tr>
<tr>
<td>b) Do you provide goods or services to the public (distinct from your clients) for which you charge fees? If so, how does this activity relate to fulfilling your public benefit mission, other than simply generating revenue?</td>
<td>Engaging in activity that is not related to your organization’s mission (e.g., selling candy to raise money) can jeopardize the organization’s tax-exempt status.</td>
</tr>
</tbody>
</table>
## A Legal Checklist for Nonprofits

<table>
<thead>
<tr>
<th>Questions To Ask Yourself</th>
<th>Why This Is Important</th>
</tr>
</thead>
<tbody>
<tr>
<td>c) Do you receive any revenue for advertising on your Web site or any other communications or publications?</td>
<td>Generally, recognizing sponsors is not treated as advertising so long as the recognition does not feature any comparative information or description of specific goods or services.</td>
</tr>
</tbody>
</table>

## IX. Regulation of Program Activities

<table>
<thead>
<tr>
<th>Questions To Ask Yourself</th>
<th>Why This Is Important</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Do you employ any licensed professionals, such as doctors, lawyers, clinical social workers? If so, are you aware of any license, permit or inspection requirements that apply to your activities?</td>
<td>Specific laws and regulations may govern your activities. For example, typically any activity requiring a license or permit, from health care, childcare, counseling, any kind of financial services, food service and the like, is governed by regulations. If your activities are regulated by a government agency, you need to know the restrictions and requirements that come along with the funding, and you need to make sure proper compliance procedures are in place. These don't have to be complicated; they just have to work.</td>
</tr>
</tbody>
</table>
### X. Finances and Fiscal Management

<table>
<thead>
<tr>
<th>Questions To Ask Yourself</th>
<th>Why This Is Important</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Do you have an adequate accounting system for your needs? Do you maintain your accounts internally, or do you rely on an outside accountant or bookkeeper?</td>
<td>Fiscal accountability is one of the most important obligations of any nonprofit organization. Because proper financial management can be very demanding and is easier to evaluate than your other activities, it is also one of the areas that is most likely to get you into trouble. Government regulators, such as the IRS or your state attorney general, and private and government funders expect that you will keep accurate records of income and expenses and make efficient use of funds. If you become aware of any misallocation of funds, an attorney can work with your accountants to help you get back into compliance with any regulations and grant or contract obligations. If you are in financial trouble, a lawyer also can help you negotiate with creditors and can advise on options, like bankruptcy or merger, which might be appropriate.</td>
</tr>
<tr>
<td>b) Do you provide periodic financial statements to your board (preferably monthly)? Do you have a finance committee of your board, or perhaps an outside accountant, review your financial statements?</td>
<td>Ideally, every board has an executive or finance committee that receives monthly financial statements. An outside accountant reviewing financial statements is also recommended at least yearly.</td>
</tr>
<tr>
<td>c) Do you have internal financial controls in place?</td>
<td>These may include such controls as check signature requirements or separating logging receipt of checks from entry of deposits. Controls help avoid the appearance and possibility of misallocation of funds.</td>
</tr>
<tr>
<td>d) Do you have a line of credit or any significant loan obligations?</td>
<td>To avoid falling into serious debt, it is important to keep track of, and reflect in regular reports to your Board, any loan obligations.</td>
</tr>
<tr>
<td>e) Do you make certain that you withhold payroll taxes?</td>
<td>Failure to follow withholding requirements is a breach of employment laws, and can lead to serious legal and financial problems with current and former employees and governing agencies.</td>
</tr>
</tbody>
</table>