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GOVERNANCE: COUNCIL *and* BOARD

VINCENTIAN LEADERSHIP



Governance:
COUNCIL *and* BOARD

National Council of the United States Society of St. Vincent de Paul, Inc.



Presidents as Servant Leaders

(Rule 3.11)

Following Christ's example, the Presidents at all levels of the Society endeavor to be servant leaders. They provide an encouraging atmosphere in which the talents, capacities and spiritual charism of the members are identified, developed and put to the service of the poor and the Society of St. Vincent de Paul. The President of the Conference or Council will have special responsibility for promoting Vincentian spirituality.



Servant Leadership

(Rule, Part III: Statute 11)

Leadership positions in the Society, at any level, are always to be accepted as service to Christ, the members and the poor. Servant leadership is done in imitation of Jesus who said: "For the Son of Man came not to be served but to serve, and give his life as a ransom for many."

The Society of St. Vincent de Paul

Governance: Council and Board



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The Society of St. Vincent de Paul

Mission and Purpose

The purpose of the Society of St. Vincent de Paul is stated very clearly in both its Mission Statement and in its Bylaws:

National Mission Statement:

“A network of friends, inspired by Gospel values, growing in holiness and building a more just world through personal relationships with and service to people in need.”

National Identity Statement:

“Inspired by Gospel values, the Society of St. Vincent de Paul, a Catholic lay organization, leads women and men to join together to grow spiritually by offering person-to-person service to the needy and suffering in the tradition of its founder, Frederic Ozanam, and patron, Vincent de Paul. As a reflection of the whole family of God, members, who are known as Vincentians, are drawn from every ethnic and cultural background, age group, and economic level. Vincentians are united in an international society of charity by their spirit of poverty, humility and sharing, which is nourished by prayer and reflection, mutually supportive gatherings and adherence to a basic Rule. Organized locally, Vincentians witness God’s love by embracing all works of charity and justice. The Society collaborates with other people of good will in relieving need and addressing its causes, making no distinction in those served, because in them Vincentians see the face of Christ.”

“The Conference is the basic and essential grouping of the Society. The Primary Objective of the Conference shall be to provide its members opportunities for spiritual growth, fellowship and to serve people in need. Conferences adhere to the Rule of the Society of St. Vincent de Paul, which in part states: ‘No work of charity is foreign to the Society.’ In keeping with this spirit, the persons to be helped and the works to be performed are determined by the Conference itself. The Conference may be established within a wide variety of social groups and settings, such as a parish, college or school, firm or company. Conferences are organized

primarily to perform person-to-person service to those in need, but also may be organized for the performance of a specific special work.”

A mission statement is the foundation that defines who we are, what our vision is and in general what we do to fulfill that mission. It derives its origin from our founders and the vision and concepts that they had.

Chapter 1 Structure

Structure

The Society of St. Vincent de Paul was founded in Paris in 1833. The Society grew so rapidly that one year after it started, our founder, Frederic Ozanam, and his friends recognized the need for structure beyond the Conference. In a letter to Emmanuel Bailly from Lyon, November 3, 1834, Frederic wrote:

“Personneaux has given me your news, which I very much wished. He tells me that you are full of hope for the year about to start. I really believe that the time has come to extend the sphere of good, and if you were seconded by better helpers than we are, I think that the works you have undertaken, your conferences, taking on new forms, called for by new necessities, could render youth great services. The association is already numerous enough to be divided up in sections.”

The next day in a letter to Leonce Curnier he states:

“As it is possible that with the beginning of the school year our number will increase and rise to a hundred, we will have to divide up and is form several sections which will have a common assembly periodically.”

As our Society has continued to grow it has evolved a structure to address the same needs that Frederic recognized in 1834.

Where there are three or more Conferences, they must organize together to form a District Council. See National Council Resolution 169 adopted at the 2019 National Assembly This allows them to unite in serving the poor in many more ways. They can work on special projects such as food drives, dining rooms, medical clinics, pharmacy programs, programs for the poor at Christmas, Days of Reflection, Thanksgiving food baskets and other similar projects.

Where there are three or more District Councils, they must be united into a Diocesan Council, thus multiplying the benefits of a District Council. See National Council Resolution 169

The National Council is composed of Central Council Presidents. As the Central Council President, the National Council member can be either a Diocesan Council President **or** she/he can be a District Council President when there is no Diocesan Council instituted in the Diocese. In the latter case, the President of the oldest District Council would become the National Council Member because that Council would normally be considered the Central Council.

The National Council Members participate in the Governance of the National Council. The National Councils from around the world form the Council General with the various National Council Presidents participating in the Governance of the Council General.

Even though the Society is divided into separate Conferences and Councils, there is a need to be united.

In the same letter to Leonce Curnier on November 4, 1834, Frederic says:

“For despite what I have said about dissimilarity that seems to me to exist between our two societies, there must be no diminution of union and harmony. On the contrary, like divergent spokes touching the same center, so our varied efforts tending toward ends come together in one and the same charitable mind and proceed from the same principle. There must be agreement among us in order to double our strength. There must be frequent communications which provide us a laudable example for good and render us a common joy in the success of each one.”

Uniting to accomplish larger works also requires a need to organize another side of our Society, the business side.

The business side brings a need for professional management, including issues such as increased legal requirements, need for employees, expert management, sound oversight, fundraising, publicity, planning, insurance, ownership of buildings, vehicles, and equipment.

Legal Structure

The most common way of organizing all these business tasks is by forming a Corporation. The first definition of a corporation found in a dictionary was written by Ephraim Chambers in the first volume of Cyclopaedia in 1728.

“CORPORATION, a Body Politick, or Incorporate so call’d because the feveral Members thereof are form’d into one Body; and are qualify’d to take purchase, grant, have a common Seal, sue and be sued, etc in their joint Capacity.” (Note the *f* is original spelling and is used in most words in place of an *s*. The original text is at the University of Wisconsin.)

The Wall Street Words describes a corporation this way: *“An organized body, especially a business, that has been granted a state charter recognizing it as a separate legal entity having its own rights, privileges, and liabilities distinct from those of the individuals within the entity. A corporation can acquire assets, enter into contracts, sue or be sued, and pay taxes in its own name.”*

From these definitions, it becomes evident that there are three distinct characteristics of a Corporation.

1. The Corporation is a legal person in the eyes of the law. It has virtually the same rights and duties as a natural person. It can sign contracts, buy assets, employ people, and conduct any other legal business activity. It can sue or be sued in a court of law.

It is required to obey all Federal, State and local laws and ordinances. It must file federal and state tax returns including sales taxes if applicable. It is required to file state corporate reports and forms.

2. The members of the Board of Directors have limited liability for acts of the Corporation. The Corporation is made up of a body, a corpus of people called a Board of Directors. That body can only conduct legal business as a unit. Individuals can act on behalf of the Corporation, but only under the consent and direction of the Corporate Body, the Board of Directors.

3. The Corporation has continuous existence. The Corporate Body is made up of individuals but has a life of its own. Its life does not depend on any one individual, but a continuous flow of individuals serving as the Corporate Body. The individuals are called Directors, Trustees or similar names.

The very term Corporation also has spiritual connotations that fit our Society very well. The word Corporation comes from the Latin word “corpus,” which means body. We as Catholics identify ourselves as the Body of Christ. The Board of Directors for a Council at any level is doing the work of the Body of Christ. It is powerful to know that the Corporations formed in the Society are so closely related to our religious beliefs. A Council Board of Directors in its duties and obligations is truly doing the work of Christ.

For-Profit vs. Nonprofit

There are many types of Corporations, such as Closed Corporations, Publicly Held Corporations, Limited Liability Corporations, and Professional Corporations.

There are, however, only two categories: for-profit and nonprofit. For-profit corporations are either private or publicly owned. In either case they are owned by shareholders and their primary purpose is to earn money for their owners and shareholders. To judge the success of a for-profit corporation, you need only to look at the profit or loss from its operations.

Nonprofit organizations do not have any shareholders or owners. Their primary purpose is to achieve a stated mission. These missions are for the good of others they seek to serve and are usually accomplished by programs that the organization operates. These programs seek to provide goods or services to specific segments of the community.

Some nonprofit programs are community cultural venues such as art galleries or symphonies. Another category is service to people in the community such as services to the homeless or less fortunate, dining rooms, shelters, Little League sports, teenager homes, etc.

The success of the nonprofit will be measured by comparing the results of the programs with the stated purpose. It is not as simple as comparing numbers. Many programs are aimed at enhancing life with music, museums, and other culture-related activities. Other programs attempt to improve lives, protect lives, provide life necessities, and reduce the root problems of those in need.

In these cases, the measurement of success is often the activity level and not the core objective. For example, providing food for the homeless is measured in number of meals served. The goal is for there to be no need for homeless meals. For some, the meals are a necessity while they find their way back into housing and work that will sustain them. We seldom know when they make that step to being self-sustaining; they simply do not show up in the food line one day. But there is no accurate way of documenting that the food service resulted in helping them back to a productive life or how many have been able to achieve this successful transition. It is inherent knowledge that it is achieved.

There are other differences and similarities between the for-profit organization and the nonprofit one.

The for-profit corporation has a responsibility to the community to be a good neighbor in every sense of the word. It needs to keep its property in presentable condition. It needs to meet all legal requirements of the law. It needs to protect public safety on its premises as well as to ensure that its products or services are safe. As part of the community it should support programs and projects that enhance the community or that take care of the less fortunate. There is also a moral obligation to treat its employees, customers and public at large in a legal and caring way.

The nonprofit corporation has the identical obligations as the for-profit and more.

Whether it is a shelter, museum or other service, the nonprofit is perceived by the public that supports it as its own community agency. The community will come to its aid in times of trouble and expect it to operate in such a way as to be a credit to the community. It is seen as a

source of community satisfaction and pride and is part of the total community image that represents the community as a good place to live.

This results in the nonprofit organization being held to a higher standard of conduct. This applies to all its activities including program objectives and operation of programs. The higher standard also applies to the conduct of its Board members, Chief Executive Officer/Executive Director, employees, volunteers, and even sometimes those it serves.

All public contact, especially community-wide communications, must demonstrate a loftier character than normally expected of the for-profit organization. This includes fundraising events. The event must be in character with the mission and purpose of the organization because such an event puts the nonprofit in the community spotlight.

Owners and Stakeholders

In all for-profits, finances are mainly of interest to those who own the corporation or those interested in becoming owners. However, nonprofit corporations have many “owners,” also known as stakeholders:

- Members
- Those They Serve
- Donors
- Volunteers
- Employees
- Collaborative nonprofit organizations
- Governmental entities
- The Community at large
- The local Bishop (in the case of all Catholic organizations)

- Pastors and clergy (in the case of any Catholic organization supported by a parish)

Members are stakeholders. In the Society of St. Vincent de Paul, most Vincentians consider their work to be a vocation. They believe in the mission and have invested heavily with their time, talent and resources to help achieve it. More than that, it is often their very way of life.

The needs of **those served** make them a stakeholder. For example, the Society's mission is carried out by supplying people in need with services and goods they require to live a decent life. In many cases our help is the difference between the abject poverty of living on the street or the peace of having a place of their own in which to live.

The Society's work goes beyond food, shelter, clothes, furniture, etc. When life circumstances such as illness, job loss or poor decisions fall heavily on a person or family, Vincentians can bring hope, share our spirituality and provide at least for basic needs.

Donors make our work possible. They want to be sure that their donations are used to achieve the greatest amount of benefits for the program to which they contributed. Even though they know it is not possible, they would like every dollar they give to go directly to those in need.

Donors give of their time and money because they believe in what we do and how we do it. They want to find a way to give to the poor or make a difference in someone's life. Our Society and the way we operate gives them confidence that their support will achieve their desires to help those in need.

Volunteers are closely aligned with any nonprofit, especially ours. They desire to contribute to those in need and to give back to the community for their own good fortune. They see the Society as a well-run organization that knows how to reach those in need and assist them. It is not uncommon that a volunteer will eventually become a member.

Employees work for any corporation or business in order to provide for their own needs. In our Society they become our partners in our mission. More than that, they become believers in our work and who we are. We expect them to present themselves to those we serve and the public in the same way a member does. They are often so involved that you find it hard to separate them from our Vincentian members.

They are true stakeholders because they support and foster the mission and because they need to earn a living. Some may even be willing to continue to work for less than they can earn elsewhere. The Society has a responsibility to pay a living wage and provide necessary benefits. All members of the Society must ask: How can we live out our mission to help others if our own employees are underpaid?

Other **nonprofit organizations** are stakeholders. We all share a common goal to some degree. All nonprofits influence other nonprofit organizations in their community. Especially important are those nonprofits that we partner with. If the Society does something to damage its reputation, then those that collaborate with it may also suffer collateral damage.

Every nonprofit must have other nonprofits accomplish larger projects. With diversity of missions, nonprofits can share the overall needs of those served by sharing our strengths with each other. For example, a person may need shelter that is provided by another nonprofit while the same person also needs clothing or food that is available from our Society.

Additional stakeholders are the **city, county, state and federal governments**. Nonprofits and their volunteers are significant contributors to the support of the responsibilities of all these governmental entities. If federal and state governments did not allow donations to nonprofits to be tax-deductible, much of our work would be impossible to fund. If nonprofit organizations did not exist, it would be left up to the governing bodies to provide necessary services to the public. Government agencies are very interested in what is done, how it is done, and the level of effectiveness and efficiency with which it is accomplished. Government entities are also responsible to ensure that all

laws are followed and that services provided do no harm to those who are served.

The **entire community** is a stakeholder. It has an interest in how those in need are served. The overall community and its image are improved when the disadvantaged are taken care of. The community is then thought of as a better place to live, raise children and experience a better quality of life. Where the care of those in need is provided by nonprofits, the taxes necessary for broader social services are lessened.

In the case of the Society, residents of the community often consider themselves “owners” of the Society. Because the people of the community see our work, some become donors, some volunteer, and some know of someone who was served. Most agree with our work and they readily identify with what we do even though they may not be directly involved. They may simply know that the Society of St. Vincent de Paul is in their community and helping the poor. That knowledge is important to them.

The finances of the nonprofit corporation are also more important to a wider community than the finances of a for-profit. Everyone who contributes in some way, who receives services, or who simply knows about its work consider themselves an owner or stakeholder. There is a perceived level of stewardship by the community. They expect the nonprofit to be run efficiently and that the money donated or granted to it goes toward intended programs. In fact, many people believe that nonprofit organizations should have plain, inexpensive offices and equipment. To them it is an indication that most of the donations are given to the poor and not to the people running the nonprofit. The people of the community will not tolerate what they consider to be excessive salaries. In their eyes a nonprofit employee is really a dedicated volunteer and does the work because of a love of the mission and not for a well-paid job. For many employees that is a reality.

In our Society, however, we recognize the need to maximize the amount of our donations that goes directly to those in need. But that maximization cannot come at the expense of our employees who deserve adequate wages. The Society’s Voice of the Poor Committee has

developed a policy about a just wage for our employees. That policy has been approved by the National Council Members.

In the case of Catholic organizations, the local Bishop is responsible for all activities related to the Church in his Diocese. Because our Society is in the Diocese at the pleasure of the Bishop, the **Bishop** is also a stakeholder. He allows us to be in the parishes because of our close relationship to the Church and the work we do for Christ's poor. Because the way we operate directly reflects on the Diocese in the eyes of the community and because the Society also contributes to the spiritual growth of its members as well as evangelizes by its members' actions, the Bishop has great interest in what we do. He knows that we assist in fulfilling the Church's preferential option for the poor.

In the case of Catholic organizations based in parishes, the **Pastor and clergy** are stakeholders for reasons like those of the Bishop. Our presence in the parish assists the pastor and other clergy to serve the poor and to relieve the parish burden of responding to the needs of people coming to the Church for help.

Organizational structure and organizational relationships need to be defined carefully. The Society is primarily led by members. Volunteers are used at all levels. The relationships among Councils, Conferences and the people served are complex. The Rule and the Charter of the Society have to be respected and honored. Moreover, the relationship and accountability between governance (member leadership) and management (paid staff or volunteer staff who manage operations) needs to be defined very closely in Governance Policies.

Organizational structure, organizational relationships and the goals of the various levels of the Society's governing entities must be in harmony with the purpose and mission of the International Society of St. Vincent de Paul to which they are responsible and accountable through membership, aggregation and institution.

Chapter 2 St. Vincent de Paul Governance

The Uniqueness of the Society of St. Vincent de Paul

The Society is bound together in solidarity by our mission and our basic principles but nevertheless needs a governance structure to organize itself well.

“Charity must be well organized . . . to be effective.” (Vincent de Paul)

It is very important for the Society to *“do things in a decent and orderly manner.” (1 Corinthians 14:40)*

The Society of St. Vincent de Paul, however, is a unique nonprofit corporation. In fact, it is its governance structure that sets it apart from other nonprofits. Most nonprofits are governed by a Board of Directors that has the final responsibility for all facets of the corporation’s operation. In the Society the governance structure gives members more authority in decision-making at all levels. It allows more autonomy in deciding the work to be done by the Society at every level. Yet it is nevertheless structured.

Organizational structure and organizational relationships need to be considered carefully, especially by an organization primarily led by volunteers and one in which volunteers are used at all levels, such as the Society. The structure is essential when we add in the complex nature of relationships with those in need, the Conferences, the Councils and the Rule, as well as the Society’s charter. Moreover, the relationship and accountability between governance (volunteer leadership) and management (paid staff or volunteer staff who manage operations) needs to be defined very clearly in governance policies.

Organizational structure and organizational relationships must, therefore, be carefully defined at the time of approval in reference to the goals of the various levels of the Society’s governing entities, and to the purpose and mission of the International Society of St. Vincent de Paul, to which they are responsible and accountable through membership, aggregation and institution.

A definition of the organizational structure, including an indication of the mission of all governing entities, is necessary in order to ensure that relationships and accountabilities are clearly stated.

Structure

The National Center for Nonprofit Boards clearly states that “Bylaws determine how an organization is structured. For example, most Bylaws specify whether an organization has members, define the duties of officers and board members, and identify standing board committees. An important function of Bylaws is to specify how board members are selected.”

According to our Bylaws, the Society of St. Vincent de Paul is ultimately governed by its members. As stated in our various approved Bylaws, each level from Conference to District Council to (Arch)Diocesan Council to National Council to International Council is made up of leaders who come from the ranks of membership.

The President of each level sits on the Board of Directors of the next level. This practice ensures that the member leaders, as well as the members they represent, retain decision-making rights from the conference level up to the Council General.

The Bylaws for Conferences, District Councils, (Arch)Diocesan Councils and the National Council were approved at the 2005 National Meeting in Chicago. The National Council Bylaws were revised in May 2018. Bylaws for Conferences, District Councils and (Arch)Diocesan Councils were revised at the Midyear Meeting in April 2019. These Bylaws determine who is responsible at each level for the operation of our Society.

Bylaws for Conferences

Article 10 – Quorum Requirements, Voting Procedures, Proxies and Open Meetings

A simple majority of active members shall constitute a quorum and each active member shall be entitled to one vote, which must be cast in

person. A simple majority of those eligible to vote is required to approve or disapprove a resolution.

Bylaws may be amended, altered or repealed at any regular or special meeting with the concurrence of two thirds of the Active Members of the Conference provided, however, that 60 days written notice of the meeting at which proposed amendments, alterations or repeals of any article be sent to all members prior to the meeting. The Bylaws may only be amended, altered or repealed with the approval of the National Council and must be in compliance with the Rule.

All meetings of the Conference shall always be open to members of the Society. This does not preclude the Conference from going into executive (closed) session during a meeting.

Bylaws for District Councils

Article 11 – Membership of the Council/Board

Conferences located within the District Council group together to form the Corporation. The Corporation is made up of the duly elected President and the Presidents of those Conferences and additional members appointed by the Corporation President. This is in accordance with Part III, Statute 10 of The Rule.

All appointments by a Corporation Board President are for the President's term of office unless otherwise noted. All Presidential appointments to the Corporation Board shall require the approval of the members of the Corporation Board. Care must be taken to ensure that the Corporation is governed by Vincentians and not by non-Vincentian appointments. Those appointed to the Corporation Board by the President may be reappointed by successive Presidents after receiving Corporation Board approval.

Presidents of District Councils make up the Board of Directors of (Arch)Diocesan Councils. In addition to the District Council Presidents, the Bylaws allow for appointed members. The appointed members should never exceed the District Council Presidents. If they are equal in

number, then the President who votes only in the case of a tie will ensure that Vincentian members have a majority on any issue.

Although Conference Presidents seek the opinions of Conference members on matters decided at the District Council, they must always remember to act and, if necessary, vote in the best interests of the Society.

Bylaws for (Arch)Diocesan Councils

Article 11 – Membership of the Council/Board

District Councils located within the Archdiocese/Diocese of _____ group together to form the Corporation. The Corporation is made up of the duly elected President and the Presidents of those District Councils and additional members appointed by the Archdiocesan/Diocesan President. This is in accordance with Part III Statute 10 of the Rule.

All appointments by a Corporation Board President are for the President's term of office unless otherwise noted. All Presidential appointments to the Corporation Board shall require the approval of the members of the Corporation Board. Care must be taken to ensure that the Corporation is governed by Vincentians and not by non-Vincentian appointments. Those appointed to the Corporation Board by the President may be reappointed by successive Presidents after receiving Corporation Board approval.

On matters decided at the (Arch)Diocesan Council, District Council members direct their District President to vote their desires and represent interests on any issue of activity or governance.

The (Arch)Diocesan Presidents normally make up the voting membership of the National Council and they have authority to vote on issues and policies that affect the national organization. There are no appointed members on the National Council.

In a Diocese where there is no (Arch)Diocesan Council, the District Council President of the oldest District Council represents any other District Councils in the Diocese as the National Council Member.

Bylaws for the National Council

Article 11 – Membership in the National Council

The National Council shall be constituted as follows:

The duly-elected National President who must be an Active member and will be an ex-officio member of any regional grouping or committee of the National Council, and the duly-elected and currently serving Presidents of the (Arch)Diocesan Councils of the Society of St. Vincent de Paul, and if there is no (Arch)Diocesan Council the duly-elected President of the first instituted Council in that (Arch)Diocese.

All National Council Past Presidents are ex-officio but non-voting members of the National Council.

On matters decided at the National Council, although (Arch)Diocesan Presidents seek the opinions of Diocesan Council members they must always remember to act and, if necessary, vote in the best interests of the Society.

The National Council Presidents of each country make up the Council General of our international Society.

Article 16 - Voting Procedures, Resolutions and Governance Responsibilities

Voting Procedures

Except for an amendment of these Bylaws, once a quorum is present a simple majority of those members in attendance is required to approve or reject a resolution. A resolution to amend these Bylaws shall require the approval of two-thirds of all members of the National Council.

Resolutions

The National Council initiates action by adoption of resolutions. Resolutions can relate to approval of specific items or indicate continuing approval – e.g., spending limits. The National Council may from time to time adopt a standing operating procedure governing submission of resolutions. Outside of a meeting a simple majority of all National Council members may adopt a resolution by electronic means or by written consent, unless prohibited by law, which written consent must be unanimous if required by law.

Governance Responsibilities

The governance and power of the National Council shall be vested in its President and the National Council members. Their Governance responsibilities include but are not limited to:

- 1. Election of the National President;*
- 2. Approving the Organizational Structure, including Officers and membership of the Board of Directors;*
- 3. Approving the Annual Budget as presented by the National Council's Board and prepared by the Treasurer and approving any amendments to the Annual Budget;*
- 4. Approving policies or standing operating procedures that may be established by the Council to allow the Board and/or Officers to exceed budgeted expenditures or non-budgeted financial commitments up to certain dollar limits;*
- 5. Ensuring the Annual Audit or Annual Report of the corporation is compiled and reviewed in a timely manner;*
- 6. Approving adoption of or amendments to the Rule (Part 3) (if applicable), the Articles of Incorporation and the Bylaws;*
- 7. Approving dissolution and the disposal of the National Council's assets;*
- 8. Approving reports and recommendations of the Board of Directors;*
- 9. Approving Presidential appointments;*
- 10. Approving policies as required by the Rule, Articles of Incorporation, Bylaws or federal or state Laws; and addressing other issues as requested by the President;*
- 11. Reviewing and evaluating the leadership, mission and planning of the Society.*

Article 18 – Selection Process, Number of Members, Governance Responsibilities

All appointments by a National President are for that President's term of office unless otherwise noted. The National Council has final approval of all appointments by the President to the Board. Board members serve at the pleasure of and concurrent with the term of office of the National President and may be entrusted with particular responsibilities. Successive Presidents may reappoint Board members after receiving National Council approval.

The President may entrust particular responsibilities to one or more members. The Board of Directors shall not exceed 21 members.

Number of Board Members

The Board shall consist of:

- *Officers who are the President, First and Second Vice Presidents, Secretary and Treasurer.*
- *National Vice Presidents for the Regions who are elected in accordance with the policies established by the National Council. (After nominations have been declared for National Vice President for a Region, canvassing on behalf of a candidate or against any candidate is forbidden.)*
- *Up to eight Presidential appointments, including employees of any lower Council or Conference but not any person who is employed by this Corporation, by any one of its subsidiaries, or by any entity that has a contract or subcontract with it.*
- *Chief Executive Officer who is an ex-officio non-voting member.*
- *Immediate Past President whose appointment by the President is optional and who is non-voting.*
- *Spiritual Advisor who is non-voting if ordained.*

Governance Responsibilities

The Board has responsibility for affairs affecting the National Council. It assists and gives counsel to the President on all public or Society matters of concern including the drafting of policies and procedures, and has particular responsibility for:

- *Governance Policy Directives – Develops ends policies, executive limitation policies, governance process policies, staff linkage policies.*
- *Policies – Develops and/or approves policies and standing operating procedures.*
- *Budget and Finance – Reviews and approves the annual budget, monitors progress and assures financial support is adequate.*
- *Designation of the depository or depositories for the funds of the Corporation and designating the officers or other persons who shall be the signatories with respect to the deposits in and the withdrawals from and the obligations against the account or accounts in accordance with procedures, which the Board may establish.*
- *Hiring and evaluation of the performance of the Chief Executive Officer.*
- *Developing and maintaining Conflict of Interest, Non-Discrimination and Whistle-Blower policies.*

The following excerpts from the Rule are important information to understand the International Confederation and the Rule's emphasis on Servant Leadership and Subsidiarity. No Bylaw can in any way conflict with the Rule of the Society.

**The Rule of the
International Confederation of St. Vincent de Paul, Part II**
Approved: General Assembly Rome October 2003

1.5 The Assembly of the Council General

The supreme democratic body of the Confederation is the Council General, which meets in ordinary or extraordinary Assembly and is presided over by the President General.

1.6 Legal Members

Each Superior or Assimilated Council that duly joins the Confederation, and is instituted accordingly, shall become a legal member of the Confederation's Council General.

They must be constituted within the scope of their national legislations as non-profit or similar organizations, and duly instituted by the Council General.

Although the tradition of our Society prefers to use the term “Superior Councils,” which is used throughout the wording of the Statutes, special provisions in legislation or other circumstances may warrant the use of the term “National Council.”

1.6.1 Representatives on the Council

The Council General is formed by the duly elected Presidents of the Superior or Assimilated Councils, which they represent, and which are instituted in the different countries and clearly defined regions around the world.

1.6.2 Definition of Assimilated Councils

Assimilated Councils are Councils that have been Instituted or Conferences that have been Aggregated, and which are legally constituted within the scope of their national legislations as nonprofit organizations representing a country or region in which a Superior Council has not yet been Instituted.

The Conference members decide and vote on what the Conference decides to do on any issue of activity or governance.

On matters decided at the Council General (International), National Council members direct the National President to vote their desires and represent interests on any issue of activity or governance.

It is incumbent upon the President to communicate to the Vincentians represented the issues to be voted on and to seek the guidance from those he/she serves on how to vote on each issue.

It is a moral, ethical, and legal requirement that the President at each level abide by the intent of the Bylaws to vote the views of those he/she represents, not his/her personal views.

The Rule also states the responsibilities as follows.

The Rule of the Society of St. Vincent de Paul, Part III

Statute 11: Servant Leadership

Leadership positions in the Society, at any level, are always to be accepted as service to Christ, the members, and the poor. Servant leadership is done in imitation of Jesus who said: “For the Son of Man came not to be served but to serve and give his life as a ransom for many.” (Mark 10:45)

Statute 16: Subsidiarity and Democracy

The Society embraces the Principle of Subsidiarity as its basic standard of operation. Decisions are made as close as possible to the area of activity to ensure that the local environment and circumstances (cultural, social, political, etc.) are taken into consideration. In this way, the Society promotes local initiatives within its spirit. This freedom of action of Conferences and Councils, which has been kept faithfully since the origins of the Society, enables them to help the poor spontaneously and more effectively, free from excessive bureaucracy.

In exercising this freedom of action to face the challenge of poverty in their area, Vincentians feel called to pray together for guidance and strength and for that creative imagination which is the promised gift of the Holy Spirit.

To ensure democracy in the Society, decisions are often made by consensus. Consensus decision-making requires that everyone agree with a decision, not just a majority as occurs in majority-rule processes. In consensus-based processes, people must work together to develop an agreement that is good enough, though not necessarily perfect. In rare circumstances, if consensus cannot be reached the decision may be put to a vote.

All decisions made by a Conference or Council must be made consistent with the Rule and Statues of the Society, Articles of Incorporation, Bylaws, and governance policies of the Society.

Chapter 3 Governance of the Legal Corporation

Governance of the Legal Corporation

The primary responsibility for governance of a nonprofit corporation is invested in its Board of Directors. These responsibilities have been listed in different ways. Although the wording changes, they all come down to nearly the same ones. The following list from BoardSource is often the standard used.

1. Determine and articulate the Council's Mission, Vision, Essential Elements and Core Values.
2. Recruit and select the Council's Chief Executive Officer/Executive Director.
3. Support and assess the performance of the Council's Chief Executive Officer/Executive Director.
4. Make sure that the Council engages in short-term and strategic planning for its future.
5. Determine the set of programs the Council will deliver to implement its strategies and, accomplish its goals. Then monitor the performance of these programs to assess their value.
6. Make sure the Council has financial and other resources adequate to implement its plans.
7. Make sure there is effective management and use of the Council's resources.
8. Enhance the Society and Council's credibility and public image.
9. Protect the Council's integrity and ensure its accountability.
10. Assess and develop the Board's own effectiveness.

Over the course of the succeeding chapters we will examine these Board responsibilities more closely. Let's begin by focusing on the first one.

Responsibility 1: Determine and articulate the Council's Mission, Vision, Essential Elements, Core Values

Mission

Every Vincentian, Conference, District Council, (Arch)Diocesan Council and National Council, and General Council (International Council) are part of the larger Society of St. Vincent de Paul family. The Board responsibility for establishing and articulating the Council mission has been partially accomplished by our General Council (International Council) and our National Council. These are considered overarching statements.

They are:

Rule of the Society of St. Vincent de Paul Part I

Purpose and Scope of Our Service

1.2 The Vincentian Vocation

The vocation of the Society's members, who are called Vincentians, is to follow Christ through service to those in need and so bear witness to His compassionate and liberating love. Members show their commitment through person-to-person contact. Vincentians serve in hope.

1.3 Any form of personal help...

No work of charity is foreign to the Society. It includes any form of help that alleviates suffering or deprivation and promotes human dignity and personal integrity in all their dimensions.

1.4 ...to anyone in need

The Society serves those in need regardless of creed, ethnic or social background, health, gender or political opinions.

The Council General Mission statement is the broadest one. It reads:

“A network of friends, seeking holiness through the service to the poor and the advocacy for social justice.”

Our Council General defines this broad mission for all the Councils in the 150-plus countries throughout the world where we are present. The Mission Statement of the National Council has been approved and is more detailed.

Mission and Identity Statements of the National Council of the United States

The National Council’s Mission and Identity Statements are found on page.8.

The Mission Statement which states what we do can be taken as a complete statement for any Council and often is. A Council’s Mission Statement could, however, be even more specific. Generally, it would describe the nature of the works of the Council and/or the needs of the community.

The following is an example of one Council’s Mission Statement:

“The Mission of the Society of St. Vincent de Paul of the Diocese of Phoenix is to offer person-to-person service to the needy and suffering regardless of race, origin, religion or gender. Inspired by Gospel values, the Society encourages the spiritual growth of its members, volunteers, the people they serve, and benefactors; encourages fellowship while serving those in need; and provides an opportunity for others to serve those in need.”

By developing a Council Mission Statement, the Board consciously examines how the Council Mission relates to the Council General and the National Council Mission Statements.

The Council Mission Statement cannot conflict with or replace the Rule, Council General Mission Statement, the National Mission Statement, or the fundamental Purpose of the Society

It is a good idea for all three Mission Statements to be in full view for all Vincentians and other stakeholders to see when they visit a Council. It should be prominently displayed, especially in the room where Board meetings are held, and decisions are made.

Conference Mission Statement

It is possible that a Conference would like to decide on an even more specific mission statement. For example, they could name the parish boundaries in stating whom they serve. The Mission Statement is the foundation that defines what Conferences do and must not conflict with or replace the Rule, Council General Mission Statement, the National Mission Statement, or the fundamental Purpose of the Society. Although there may be some differences, most Conferences will be able to use the same Mission Statement.

Vision

A “vision” is a long-range view of a desirable, possible future. It most often takes the form of a general statement that can focus thinking, resources, effort and people on what can be. It is normally short, succinct and inspiring.

Narayan Murthy, Founder of Infosys, states:

“Vision: You have to create a grand, noble vision which elevates the energy, enthusiasm and self-esteem of everyone in the company (Council) while ensuring that everyone sees a benefit in following the vision.”

Most Councils probably do not have a vision statement. The very act of trying to create a vision statement, however, begins a valuable thought process. It will force members to examine the mission statement and programs. It will also encourage members to look toward the future and imagine what the Council could be like in the future.

Creating a vision may be one of the most under-emphasized Board responsibilities. In fact, Boards sometimes confuse it with long-range planning or strategic planning. However, creating a vision statement is of little value unless the Council leadership can energize the Vincentians and staff to work actively toward achieving it.

A simple example of Vision for a Council might be: “To become the charity of choice in our community.”

Later we will examine how this vision can be implemented by utilizing strategic planning.

Essential Elements and Cultural Beliefs

The Essential Elements and Core Values have been defined and honed by our National Council and are found in the Rule, Part III.

Statute 1: The Essential Elements

The Essential Elements of the Society of St. Vincent de Paul are Spirituality, Friendship, and Service.

The listing of the Essential Elements is in the order of their importance.

Statute 2: Cultural Beliefs

The following are the Cultural Beliefs that make up the Society’s creed and therefore define our Ministry so that as Vincentians we are committed to:

Spiritual Growth:

Grow in holiness through prayer, service, friendship and formation.

One Society:

Contribute to the success of our Vincentian work when we support One Society.

Servant Leaders:

Develop ourselves and others to become Servant Leaders.

Today's Society:

Strengthen the Society by embracing new and diverse ideas and people.

Embrace Accountability:

Build a strong Society by holding each other accountable to our Mission, to the Essential Elements of the Society and to good Governance.

Inclusive Planning:

Foster ownership by involving all members in planning and decision-making.

Advocate for Justice:

Advocate along with the poor for just policies and practices at the local, state and national levels.

These are not intended to remain in the abstract; rather they are the cultural beliefs that Vincentians should strive to live by and respect when pursuing their mission of spirituality, friendship and service.

Chapter 4 Chief Executive Officer/Executive Director

Responsibility 2: Recruit and select the Council's Chief Executive Officer/Executive Director

Recruiting and hiring a Chief Executive Officer/Executive Director is usually a difficult task for the Board of Directors to accomplish effectively. The Society's board members are normally Vincentians many of whom have never been involved in hiring a management person. Moreover, the task of hiring a new Chief Executive Officer/Executive Director does not occur frequently. Consequently, those that participated in the process the last time may no longer be on the Board of Directors.

It is important that the Board decides exactly what it wants the new Chief Executive Officer/Executive Director to focus on. Often, there are two areas of expertise sought. The first step involves skills in managing the business side of the Council. The second involves skills in fundraising/development.

A Council should form a search committee to screen candidates. If there is some expertise in hiring available on the Board, that will help. If not, the Council may want to seek professional help.

The next step is to develop a clear and complete job description before the search begins. Even if there is a job description from the past, it is often out of date. Programs may have changed, the entire structure may now be different, and the focus of what needs to be accomplished by the new person is entirely different. These very changes may be some of the reasons why a new Chief Executive Officer/Executive Director is needed.

A common way to start is to ask the Regional Vice President, the National Council, or other Councils for sample job descriptions. Though this may seem to be an easy avenue to follow, it is not the final answer. Just because a job description exists does not mean it is the right one. Each Council is different in structure and programs. Be sure the job description matches what you want the Chief Executive

Officer/Executive Director to do for you. The job description should state clearly and succinctly what the duties will be. Standards of performance should be determined for each duty defined.

Standards of performance are only useful if they can be measured in some way. Avoid words like “support,” “encourage,” “oversee,” etc. that defy measurement. Try to match each item of the job description to a quantitative measure or completion time goal. For example, fundraising is an easy one to measure. What is the total amount expected to be raised and by what date? Another example is expenses. Expenses should be held to within “x” percent of the approved budget. An explanation must be provided to the Board anytime any line item exceeds the budget by “x” percent.

The purpose in setting standards of performance is not authoritarian control, but rather to clearly articulate expectations so that both the Chief Executive Officer/Executive Director and the Board know what is to be accomplished. In this way you are working on common goals and mutual understandings. If this is done, then when it is time to review the Chief Executive Officer/Executive Director it will be easy to agree on whether the job is being accomplished and what areas of responsibility need to be improved. You need only to match the results with the standard of performance agreed upon.

Hiring the right person is critical. Doing so will allow the Council to move ahead with programs to fulfill its mission and to achieve a stated Vision. In fact, if there is a continuing turnover of Chief Executive Officer/Executive Directors, it can bring the Council to a standstill or even jeopardize its existence.

In all of the steps taken to hire an Chief Executive Officer/Executive Director judiciously follow all non-discrimination laws, commonly known as EEOC, and the Society’s non-discrimination policies. A standardized procedure for applications, questions, screening, etc. should be developed and afforded to all candidates, especially if a member of the Society applies. The full Board makes the final decision on who is hired to be Chief Executive Officer/Executive Director. The Board should direct the search committee about the number of finalists they want to interview in person. Commonly two or three finalists are

selected for interviews. The Board interview meeting should be for Board members only. Staff and all others should not be in attendance.

Only one or two Board members should conduct the actual interview. It is unprofessional and unfair to the applicants if 15 or 20 people ask them questions and make comments. Each applicant should be asked the same questions. At the end of each interview there should be a short period for additional questions or topics for each applicant. It is at this time that other Board members can ask specific questions. Comments to the applicant are out of order.

Once a selection is made the desired candidate is contacted by the committee to review what the job entails. Make sure the candidate understands what is expected. This is a good time to let the candidate explain to you what their understanding is of the requirements of the job. If all goes well, make the job offer and expect acceptance. However, do not contact the runner up candidates until the job is accepted. It would not be the first time a candidate changed her/his mind after the Board interview and some introspection. So, it is best to be sure the candidate will accept the job before turning down the other candidates. It also means that the person you eventually hire will not feel that he/she was second choice.

It is the responsibility of the Board to establish the salary of the Chief Executive Officer/Executive Director. Every Board member should know what that salary is and support the final decision. One of the criteria for setting the salary is what people who hold similar jobs in other organizations are paid. The Board should realize that what is paid to the Chief Executive Officer/Executive Director and other key employees may be important to donors, foundations and the community. In fact, these salaries must be reported on tax-form 990 and will be accessible to anyone who wishes to see them.

There should be a well-planned orientation period to be sure the new Chief Executive Officer/Executive Director understands the Society's mission, structure, the levels of authority and responsibility, the programs of the Council, the personnel he/she will manage, and to whom he/she reports. Taking some time to do the orientation properly will allow the new executive to become effective sooner. It will also allow

the Council to observe closely his/her abilities, knowledge and operational techniques.

Responsibility 3: Support and assess the performance of the Chief Executive Officer/Executive Director

The most important support for an Chief Executive Officer/Executive Director is to have a complete and thorough understanding of the responsibilities and the expectations by which her/his success will be judged, including the time frame in which the work is expected to be accomplished. It is also important that all members of the Board of Directors know this as well.

The next most important support for the Chief Executive Officer/Executive Director is a clear agreement on the appropriate communication channel to the Board. It is imperative that individual Board members do not insert themselves into the management and direction of the Chief Executive Officer/Executive Director or any employee. It is a basic principle of management that no one can serve two masters. It follows that if several Board members are involved in telling the Chief Executive Officer/Executive Director what to do and when to do it, the entire Council will quickly be in trouble. The generally accepted method of communication is through the Council President either individually or in conjunction with the Council's Executive Committee. One danger to avoid is the Council President becoming the manager of the Chief Executive Officer/Executive Director. That is not the intent of the communications link. The intent is to establish a resource and to know how and when to bring the Chief Executive Officer/Executive Director's questions, concerns or performance to the Board for its decision.

No Council can afford any "lone rangers." The Board is in control, not a single person. The Chief Executive Officer/Executive Director is hired by the Board as a corporate body. He/she derives job duties from the Board. He/she reports to the Board. When necessary, the Board is the one that terminates the Chief Executive Officer/Executive Director from the Council.

In the case of termination, always use a reasoned approach. It should be the result of a Board decision based on performance. The process for correcting deficiencies in performance in the personnel policies should be followed and documented prior to any final termination. The Council's Bylaws should specify the process of terminating the Chief Executive Officer/Executive Director. Again, no single person has the authority to terminate a Chief Executive Officer/Executive Director. In the final analysis an understanding by the Board and the Chief Executive Officer/Executive Director of the Society's unique governance model is important for the success of both.

Because Conference members are the basic unit and the leadership for each level, they ultimately control direction of the Society. Indeed, most Council Boards are made up mainly of Vincentians, even though the President can appoint members. However, having given the "business side" of the Council to the Chief Executive Officer/Executive Director, the Board retains the "Vincentian side." The Chief Executive Officer/Executive Director has no authority in the Vincentian side other than to offer support, information and suggestions. The Vincentian side constitutes all the other activities that the Society pursues in accomplishing its mission. Some examples would be election of Conference and Council Presidents; training/formation; spirituality; Conference works; leadership problems; and service to those in need that should be done at the Conference level with a home visit.

Certainly, in some cases the Board may decide to assign a duty in this area to the Chief Executive Officer/Executive Director or expect the Chief Executive Officer/Executive Director to support a Vincentian activity. A common example would be stores that are part of the business side but also a part of the Vincentian side, especially when a store voucher system is in effect. But sometimes our two sides of the Council become entwined and difficult to tell who is in charge. For example, a person brings a voucher into a store for a TV. The staff realizes that there is a policy that only allows beds, tables, dressers and other basic necessities for vouchers. The staff overrides the Conference voucher and does not let the person with the voucher have the luxury of a TV. As it turns out, the person is a recent immigrant from Bosnia that does not speak or understand English. The Conference members thought that the best way for an adult with no English language skills and

isolated from interpreters to begin to learn the language is to watch TV. The staff did not contact the Conference, nor did the Conference explain the unusual voucher request. Both Vincentians and staff need to recognize the importance of good communication in order to prevent these situations.

Both Vincentians and staff need to know their areas of authority. They also must work closely together to accomplish our missions without infringing on the turf of the other. As in any corporation, management cannot reach the goals set by the Board if they are not given the physical, financial and personnel resources to work with. The Board is ultimately responsible to provide these resources.

An area of support often overlooked or denied the Chief Executive Officer/Executive Director is the opportunity to have interchange with Chief Executive Officer/Executive Directors of other Councils. The Chief Executive Officer/Executive Director should attend National and Regional Meetings to better understand our Society, his/her position, the mission and goals of our Society, and the process to access resources in the Region and from the National Council.

Time is set aside at each National Meeting for Chief Executive Officer/Executive Directors to meet. Many good ideas, processes, policies, and procedures have been developed in other Councils. Interfacing with fellow Chief Executive Officer/Executive Directors will provide valuable information and save time, effort and money. It is better to share workable information and ideas that already exist instead of trying to reinvent them. Having the Chief Executive Officer/Executive Director attend these meetings early in his/her career with the Council will accelerate the understanding of our Society, its mission, and the proper operation of the business side in our Vincentian organization.

Chapter 5 Strategic Planning and Program Planning

Responsibility 4: Make sure that the Council engages in short term and strategic planning for its future.

The Board is ultimately responsible for the creation of objectives and goals that are consistent with and aligned to the Rule and the mission of the Council. The Executive Director/CEO has the responsibility of designing and implementing the programs that put that plan into action. But it is the Board that sets the direction and approves the Council's strategic plan. As volunteers on the governing board, you might ask how you can be involved in ensuring that you have meaningful and appropriate input into the strategic planning process. Board members are best engaged by actively being involved in the process through good questioning and offering their own input and ideas for discussion and evaluation. Boards have six responsibilities in the area of strategic planning:

- Ensuring that a comprehensive organization planning process occurs
- Actively participating in that planning process
- Assessing the effectiveness of the process and its results
- Formally approving the agreed-upon outcomes
- Using the approved goals as a guide for budgeting and setting priorities
- Tracking implementation of the plan and the organizations progress toward achieving its objectives and goals.

The creation of a strategic plan must be rooted in the organizations mission and its vision. The Board must ensure, at the beginning of the process, that the mission and vision are current, understood by all stakeholders, and are relevant to the work of the Society. That validation process should involve as large an umbrella of stakeholders as reasonably possible. Techniques that work well in identifying the validity of an organizations existing mission and vision; or creating a new mission and vision include:

- 'Town Hall' meetings with Vincentians throughout the Councils geographical boundaries to get input on what is working with the

Council's existing programs and services, what is not, and what is needed to address gaps in services

- Interviews with the people the Council serves to get input and feedback on the effectiveness of existing programs and services and what might be needed to make them more effective.
- Environmental scans of available resources in the local community to determine both gaps and duplication of services.
- Meetings with collaborative organizations and potential program partners to discuss how working together can improve impact and effectiveness.
- Discussions with funders, donors, and government organizations to get input on their assessment of community needs as well as their perception of SVdP's strengths, needs for improvement, and potential new services.

All planning begins with the assessment of the current situation. However, beware of the "paralysis of analysis." Certainly, one must do due diligence, but if action is never taken toward implementing a plan, what good is due diligence?

The next step is to determine the specific goal. Then determine the alternative plans of achieving the goal. Select the alternative most likely to succeed and implement it. Once the alternative is selected and the path to the goal defined, the short-term planning steps toward the goal can be established. This process is often accomplished by a committee that normally is small. A large committee will tend to reach a consensus on the lowest common denominator of the ideas presented. Be sure to select a committee of knowledgeable people who are not necessarily of the same mind. Diversity of knowledge and opinion is of value providing it does not stop the process. All members of the committee must have the goal firmly in mind and be firmly committed to realizing it. Of course, to be successful there must be target dates set, progress checks made, and plans altered as needed.

The Board should approve the Vision and the plan at the outset. But, as the plan progresses, new ideas surface and obstacles will be encountered that may alter some part of the work or even the goal. Be aware that some members of the Board may become uncomfortable with those changes and this discomfort needs to be addressed carefully. It is

counterproductive, however, to take a controversial path to the goal or alter the goal so much that the Board eventually votes to abandon it. Each significant step completed in the process or any substantial changes should always be reported and explained to the Board to reaffirm in general their support.

Responsibility 5: Determine the set of programs the Council will deliver to implement its strategies and accomplish its goals. Then monitor the performance of these programs to assess their value.

The Councils exist to provide services and run programs that are too big or complex for a single Conference to operate. The Board's primary responsibility is for the interests of Vincentians in the Conferences or in District Councils making up a (Arch)Diocesan Council. The principles for establishing the priorities for programs are stated clearly in our Rule, Mission, Core Values and Essential Elements. The Board should take action to assist every Vincentian. Programs should be provided to enhance spirituality, friendship and person-to-person service to those in need.

According to Part I of the International Rule 1.3, "No work of charity is foreign to the Society." There are many programs that are similar in our Councils such as dining rooms, food pantries, prison ministries, and stores, to mention just a few. There are, however, a myriad of other programs that can be considered, some common and some unique.

Existing Programs

Most of our Councils operate programs that have been in existence for many years. All Councils should monitor their programs on a regular basis to see if a new program should be established. They should also evaluate existing programs to see if they should be altered, revised or cancelled.

The process is like any planning process.

- Assess where you are with each program.
- Decide on a goal for the program.

- Decide on the alternatives to implement that decision.
- Select the most desirable alternative.
- Implement action on the alternative.
- Set a timeframe for completion of the alternative.
- Put a plan into place for feedback on progress.
- Modify the goal or plan based on the feedback and progress.

To assess the programs there are some questions that the Board should consider and examine thoroughly. Research should include all reasonably available information on the program. Some of the essential questions to consider are as follows:

- What is the budget?
- How many people do we serve?
- How many employees are involved?
- What are the costs of staff, space for the program, overhead, fundraising and all other definable facts?
- Is the program contributing to our stated mission?
- Is it in accord with the Rule, our corporate charter, our bylaws and our Vision?
- Does it provide the desired services to our Vincentians and/or those we serve?
- Are our Vincentians involved in serving the poor in the program?
- Is there a real need for the service in our community?

- Is there someone else in the community that serves the great majority of the need?
- Do we possess the expertise to operate the program?
- Does the money spent on this program produce services to the poor equal to the cost?
- Would the money be better spent on another existing program or a new program?
- How does this program benefit the poor relative to other programs we have?
- How would those we serve in this program obtain these services if we do not provide them?
- Is this really where we want to focus our energy to do the most with our resources?

These are not easy questions if seriously examined. They should be asked of every program on a regularly scheduled basis throughout the year. After the discussion of the questions, a decision should be made to continue as is, make alterations, or discontinue the program. If the program is to continue as is, the funding level for the program in the future should be closely examined as to whether it should stay at the same level, decrease or increase. Although the assessment of the program may be scheduled months before the next budget is formed, the decision on funding made at this time should be honored at budget time unless significant new information should dictate a re-examination. Once the assessment is complete and a decision is made on the future of the program, the decision-making process continues.

Now assess the completed action. Did it accomplish what the Board intended for the program in question? If it did not, then return to the decision-making process and persevere until you are satisfied with the result. A caution is in order: Every program usually has at least one or two very strong supporters. Perhaps they were instrumental in starting it

or perhaps they chair a committee in the program. Whatever their reason, they will speak out strongly to save, continue or even expand the program. They should be listened to, but that does not mean the program should necessarily continue its current form. The Board must make the decisions based on the questions posed above and in relationship to the mission and other needed programs.

New Programs

There are some new Councils that are just being instituted. The Boards of those Councils may have to determine the very first program to support. The process for establishing new programs is very similar to the process for reassessment of existing programs. The same questions should be asked and examined in depth. Any new program description is to be written out in detail answering these questions before it is presented to the Board. The program description must include a budget that includes startup expenses and income as well as a three-year projection. The basis for the estimates must be clearly stated. Especially important is to provide information about the proposed funding source for this program. Any income source not already in existence should be a conservative estimate. The expenses estimate needs to be very realistic and have a provision for expenses unforeseen or expenses that exceed the plan estimate. At least 10 percent in additional expense should be included for these potential underestimations.

In deciding on a new program, “keep the long view.” You may be able to easily operate the program in the early stages, but will you be able to operate it in three years or five years? Will you be able to operate it indefinitely? There are many pitfalls in beginning new programs, but they will be greatly lessened with proper planning, projections and continuing oversight. New programs need careful and close attention by the Board when they are beginning and in the early years.

No program should be allowed to start without Board approval. This includes both those started by Vincentians and those started by employees. Often in our work very good ideas on how to serve the poor originate with our Vincentian members or sometimes with our volunteers. These programs usually start as an extension of work we are already doing. In the beginning there is little or no expense because they

are operated by Vincentians and volunteers. For example, a Council might have a program at its main location to serve the homeless by handing out clothes, sack lunches, bus tickets and answering questions. Because the bus ticket program is a great help to the poor in getting to other needed services such as dining rooms and shelters, it is very busy. It gets so busy that one Vincentian volunteer is assigned to the bus ticket program. Because of the new focal point and the enthusiasm of the Vincentian the bus ticket program grows. Initially the cost of the tickets in the overall budget is insignificant and attracts little attention. Some people begin asking about tickets to nearby towns or tickets to return home to family or jobs. The volunteer sees this as a good service that is not much different than local tickets. It does satisfy what is seen as a basic and desirable need. As a result, a few out-of-town bus tickets are arranged. Still, it remains a relatively small part of the budget. The issuing of these tickets continues to grow over a couple of years. Because the original volunteer can no longer handle the activity alone, she recruits other volunteers. With the number of people helped growing, they also need their own space to operate in. Since most budgets are made by comparing last year's expenses to the new budget, the continual climb over the last three or four years is not noticed.

The city's Travelers Aid is discontinued for budget reasons and, also, because the Council is offering a similar service. Naturally, our enthusiastic volunteer leader and other volunteers step forward to continue this valuable service. It will now need at least two or maybe three full-time employees to effectively manage the operation. The problem now facing the Board is a significant budget expense for a program they neither examined nor approved. With the involvement of the enthusiastic volunteers, the homeless served have learned to depend on the service and the Conferences send people to the travel ministry. The city that has relinquished control to the Council also refers people needing travel assistance to the Society. In fact, the city presents a surprise award and plaque at a public event to the Society and this is reported in the local newspaper. At this point, it will be very difficult to end or limit this service even if it costs more than can be easily managed. Also, it may be taking funds from what are more important ministries.

Another similar situation arises when an Chief Executive Officer/Executive Director or another employee authorizes new services

without Board approval. The scenario goes something like this: The Chief Executive Officer/Executive Director, employee or grant writer comes across a funding source that has money; but the requirements don't quite fit any existing program. However, the funding can be used for expansion of an existing program feature or the initiation of a new program designed to qualify for the funding. Even though the program does fit the mission and other criteria for service to the poor, it has not been examined by the Board. It is not included in budget planning. The grant is obtained in the amount of \$100,000. The program is started and becomes successful. In fact, it becomes so successful that next year a grant from the same source is sought. The granting source is pleased so it increases funding to \$175,000. The program is off and running. It is a huge success. The Board is informed, of course, but told that there is no budget impact as the program is self-funded by a grant. No one on the Board really questions it. After all, it didn't cost the Council any money.

The third year the grant is for \$250,000. The program receives recognition from the media and the public as a great service to the poor. Because of the nature of the program, other nonprofit organizations begin to refer people. The city and county also refer needy people. In fact, they award commendations. The fourth year the funding source faces problems of its own and can no longer fund the program. The Council and the Board now have at least a \$250,000 unfunded program to squeeze into the budget that is already strained to the limit. It is not a question of the value of the service; it is whether there is enough money to operate it and to what extent it removes resources from other programs. The lesson is this: Programs are easy to start, but can the Council sustain them year after year and will this program limit other more critical program funding?

On occasion the Society will be asked by the city, county or even state to run a program closely identified with our work. For example, the Council may be asked to operate a homeless shelter, run a recycling program, or take over a substance abuse program. Sometimes the request seems to fit our mission and we can claim it for our own and operate it along with our other programs. Other times we are tempted to assume the responsibility because of some guarantee of funding assistance. At times we are asked to take on a task because of our access to volunteers. The reason we are asked to do so is to remove the cost from the governmental

unit. They reason that since we will use all volunteers, it will not cost us anything. In fact, it is sometimes pointed out to us that there may be a resulting income because of using volunteers instead of employees. Some of these seemingly simple arrangements, however, have resulted in hundreds of thousands of dollars of cost to Councils because the guarantee was not honored, the costs of running the program were underestimated, or the use of volunteers for the program was not practical. These arrangements need careful and complete scrutiny before agreements are reached by the Board. All agreements and guarantees need to be in writing and reviewed by an attorney.

It cannot be emphasized enough that every program funded by the Council or run by employees, Vincentians or volunteers must be approved by the Board using all the appropriate due diligence.

Chapter 6 Financial Planning, Control & Use of Resources

Responsibility 6: Make sure the Council has financial and other resources adequate to implement its plans.

The Board's primary responsibility is the survival of the Council. The Board's second most important responsibility is to make the Council stronger and more viable when leadership is passed on to others. All the responsibilities for vision, mission, values, establishment and oversight of programs/operations, compliance with legal requirements, hiring and supporting a Chief Executive Officer/Executive Director, and policy making are of no importance at all if the Council no longer exists.

There are five primary reasons why a Council can go out of existence:

- Financial failure ending in bankruptcy
- The loss of tax-exempt status
- The loss of its right to exist as a legal entity
- The loss of its right to operate within the Diocese
- Failure to operate in accordance with the Rule resulting in removal from the Society

First Reason: Financial failure ending in bankruptcy

Financial failure is more likely than all the rest of the reasons together for a Council to go out of existence. Though many have been faced with this possibility, few, if any, have declared bankruptcy. It is the near-bankrupt state that is a dark and looming possibility faced by many Councils over the years. There are many reasons why the possibility of bankruptcy may arise, but there are only three ways for Councils to get into financial difficulty.

The first and most common road to financial crisis is poor financial management by good, but somewhat inexperienced, leadership and management. The problem arises slowly to the danger point over several or even many years. It often occurs over several leadership and management changes. There is a rule in planning that you should “keep the long view.” In other words, be sure that what you plan will look as good financially in three to five years as it does today.

The principle can also be applied to the rear-view mirror. Most plans involving financial commitments and annual budgets look at the recent past. For example, the budget is compared to the current year’s not-yet-complete results in making next year’s budget. The budget will typically be compared to the last full year’s financial results for income and expenses. If there is continual erosion of the financial condition over several or many years, the trend and dangers are not fully realized. It is important to observe longer periods of time. For example, operating reserves of \$300,000 may look adequate when compared to last year’s \$450,000. Looking farther back, however, the operating cash used to be nearly \$1 million. The two questions to ask are: (1) What should the amount of financial reserve be? and (2) Are the causes of this decline still present?

When financial crisis gets severe enough, it is not uncommon for a Council to sell a building to shore up the operating financial structure. Often the fixed assets may be sold over a period of years to cover operating deficits. This hides the true picture of declining operating funds. What compounds this problem is the very nature of a Board of Directors. It is composed of members that serve a limited term because of their position as President of a Conference or Council. Others who are appointed serve during the term of the President, a maximum of six years. Some Board members in both categories leave the Board before the term is finished for various other reasons. Consequently, the Board is a constantly flowing stream of new members who do not have a perspective on what happened over the last several years. They are only given the information for the current year and maybe the last fiscal year. They are often unaware of longer trends.

Contributing to the complexity of the problem, Vincentian Presidents sit on our Board of Directors because of their position in the Society, not

necessarily because of their expertise in business. Most are wonderful, spiritual people who are knowledgeable Vincentian leaders. They are dedicated to our work. They contribute their time and energy to our programs and to doing what Christ asks us to do, care for the poor. Unfortunately, those good qualities do not necessarily qualify them to oversee multi-million-dollar Council business operations. If they are not given the needed business basics, they may unwittingly contribute to financial crisis.

The second road to financial crisis is for the Board to accept excuses from management, the President or the Executive Committee that the financial reports are not ready or are incomplete, or the audit is delayed. Some Council Boards have had periods of months go by during which complete or accurate financial reports are not provided to them. In other cases, some Council Boards rubber stamp the financial reports presented to them because they simply don't understand them, and they are reticent to ask questions. In one such case, when the Board finally discovered the immensity of their financial problem, the President and Chief Executive Officer/Executive Director resigned within hours of each other. The President and Chief Executive Officer/Executive Director recognized the terrible financial condition caused by a string of years of poor financial oversight and management. Rather than bring the problem to the Board as soon as they discovered it, they worked very hard to fix it. But even with their best efforts they could not undo years of financial mismanagement and lack of Board oversight. Neither one of them had done anything illegal or morally wrong. Their only mistake was accepting the entire problem as their own. Unfortunately, things got to the very brink of bankruptcy before the Board had any clue of the problems. This crisis abruptly brought the Board to get involved in the problem and learn enough about it to try to resolve it.

When something like this above scenario happens, a lot of time and effort are expended with special meetings, committee work, investigation of financial condition, negotiation with creditors, selling of buildings, emergency fund raising, terminating employees, reducing or eliminating programs, closing stores, hiring a new Chief Executive Officer/Executive Director and other sorts of problem-solving work. Although such an experience creates knowledge and skill in the Board financial oversight, it is a very dramatic and many times a destructive way of learning the

hard lessons. Effective financial oversight could have solved the problems much earlier. It would have saved time, efforts, money and prevented the damage to the Council.

Because many Board members lack the knowledge and experience to understand financial principles and financial statements, a few with financial knowledge end up in charge of a critical duty meant for all Board members. *Training in reading financial statements should be a part of every Board agenda at least once a year.* More will be discussed about training for Board members later in the book.

The third possible road to financial crisis is to have a catastrophe of some kind that threatens the Council's existence. A simple example is where a major asset such as a large store or the Council office is destroyed by fire, flood or some other cause. This may be overcome in time by capital campaigns, community help and altered programs. If it is uninsured or underinsured, however, the loss of a several hundred-thousand-dollar assets at a time of budget crisis could threaten the Council's well-being or financial existence. If the Council is uninsured or underinsured and the Council is held responsible for injury to people or damage to property, a claim in the millions of dollars can easily bring the Council to bankruptcy.

Second Reason: The loss of tax-exempt status

The Council must comply with all federal and state tax laws.

There may be other ways, but the most likely one for this to occur would be to violate the law in trying to influence the election of a candidate for office.

Another possible reason is having strayed too far from the category of nonprofit. This would be where you enter the world of for-profit to make money.

Councils constantly need funds to operate programs to serve the poor. From time to time good ideas arise for commercial money-making operations. The Board must be aware of the tax laws for 501(c)(3) corporations that limit income from for-profit operations.

It may be possible to lose the tax-exempt status for violating the intent of the law. An example could be for diverting donated funds to personal use of officers, Directors, employees or members. That could include paying obviously excessive salaries to someone or paying obviously excessive expenses to someone for non-program purposes.

Third Reason: The loss of the right to exist as a legal entity

Most Councils are corporations. The right to operate as a legal entity is granted by each state. There are some basic specified requirements to retain that status in each state.

One reason for canceling the corporate charter common to most states is the failure to file required documents. These are usually annual reports and renewal of license.

There may be other reasons in the laws of the various states.

Fourth Reason: The loss of the right to exist within the Diocese

The Society is a Catholic lay organization recognized as such by Catholic Church as early as 1845. It has been reaffirmed more than once since then by the Church and the Holy Father.

As an independent lay organization, we work closely with the Church at all levels.

We draw our right to be in each Diocese at the pleasure of the Bishop. Likewise, we draw our right to be in each parish at the pleasure of the Pastor.

If we violate the trust invested in us at either level, fail to live up to our stated Rule and Mission, fail to exercise absolute stewardship of our donor's money, or fail to cooperate with the Bishop or Pastor, we can be asked to leave the diocese and/or parish without appeal.

Fifth Reason: Failing to operate in accordance with the Rule, resulting in removal from the Society

While not all-inclusive, National Council Resolutions 114 and 119 detail specific reasons for suspension, the processes for removal by the Society are very specific. They include the right of appeal at both the National and Council General International level. The pertinent information from the **Statutes of the International Confederation, Part II**, and the **Statutes of the National Council of the United States, Part III**, are below:

Statutes of the International Confederation, Part II

6.9 Commencement of dissolution or suspension procedures.

Two procedures may be used to suspend, cancel or, where appropriate, withdraw an Aggregation or Institution procedure.

6.9.1 On request from the Superior, Assimilated or Associated Council

On request from the Superior, Assimilated or Associated Council within whose jurisdiction the relevant member, Conference or Council are operating.

6.9.1.1 Necessary documentation

When a Superior Council requests the intervention of the Council General in the event of any problem, it must send, together with the request, full documentation for the information of the President General, particularly the documentation resulting from the intervention of the Conciliation Committee of the Superior, Assimilated or Associated Council, where appropriate.

6.9.2 Ex officio

The President General ex officio, i.e. on the initiative and request of one of the International Territorial Vice Presidents, shall state the

procedure of suspension or exclusion in the event of any serious circumstances. The President General shall report this serious situation to the Permanent Section.

6.10 Execution of the decision

The Superior, Assimilated or Associated Council that has supervised the Conference or Council is responsible for taking the necessary steps, in agreement with the Council General, in order to execute the sanction and to ensure the transfer of property and files of the dissolved organization. In the event of suspension or dissolution of a Superior, Assimilated or Associated Council, the President General shall appoint a Provisional Board pursuant to the provisions contained in Article 6.5 of these International Statutes.

6.11 Extraordinary procedures

In agreement with, and normally on request of, the Superior, Assimilated or Associated Council concerned, the Council General may intervene in disputes arising at Conference and Council level. Its proposed decision shall take into account the spirit of the Society and any specific aspects of the Society's Statutes at the location in question, provided that they are approved in conformity with the provisions contained in the Rule and these international Statutes and ratified accordingly by the Permanent Section.

6.11.1 Civil and other Tribunals

Any member, Conference or Council that takes legal action through civil or other Tribunals, without express authorization from the Council General, in order to resolve disputes between members, Conferences or Councils, shall be automatically separated from the Vincentian friendship by virtue of this action and shall be excluded, for all intents and purposes, from the Society of St. Vincent de Paul.

Statutes of the National Council of the United States, Part III

Statute 17: Suspension of Members, Conferences and Councils

The President General can suspend members, Conferences and Councils. However, the President General has delegated authority to suspend members, Conferences or Councils to the National Council President. When the National Council President has made such a decision, the member, Conference or Council suspended will cease to exercise any office and may not act on behalf of the Society under any circumstances.

An appeal of the suspension may be made to the National Council's Conciliation Committee which shall make a nonbinding recommendation to the National President. Should the member, Conference or Council choose not to accept the final decision of the National President, a final appeal may be made to the President General.

Any member, Conference or Council using means other than those provided by the Society to resolve internal disputes renounces Vincentian communion and leaves the Society, unless the Council General International expressly agrees that the matter should be placed before the courts.

Statute 21: National Council's Conciliation Committee

- 1. Appeals that arise out of Statute 17 are brought to the National Council's Conciliation Committee.*
- 2. Councils, Conferences and members may bring their issues to the National Council's Conciliation Committee if an issue has not been resolved at the local level after sustained prayer, goodwill and a desire to reconcile.*

Members of the National Council's Conciliation Committee shall be as defined by Resolution approved by the National Council.

Budgeting

One of the primary tools to assure that the Council has financial and other resources is the annual budget. Because we hire professional managers, Chief Executive Officer/Executive Directors and finance people and they are the people who work with income and expenses every day, they are the most qualified to assemble the budget and present it to the Board. In this process, the major programs should be examined throughout the year and decisions made on increasing, decreasing or status quo.

The Board should, however, clearly indicate a total budget goal to the Chief Executive Officer/Executive Director. For example, the Board may indicate it wants a balanced zero-based budget, or a budget with a 5 percent negative result, or that it wants a reserve, or that it expects a budget with a 3 percent surplus.

Good budgeting and financial management dictates that a financial operating reserve should be maintained. Most agree with having a minimum of three month's operating expenses. Any significant changes from last year's budget should be documented and explained to the Board by the Chief Executive Officer/Executive Director.

The Board's role is clearly oversight, not direct involvement. It is the Board's ultimate responsibility to examine the budget thoroughly, request change as necessary and approve the budget. It is, however, a good practice to present the approved budget to the Conferences and ask for their approval. This provides the transparency of the financial management of the Council. It also draws the Conferences into the decision-making process of the Council. The closer the Conferences and Council work together, the stronger the Council will be.

In many ways the budget is as much a planning tool as it is a financial control tool. This is the time that expected income is allocated to the programs the Board has decided to operate to accomplish the Council's

Mission. The process should be to take the expected income and assign it to the various program expenses and the necessary overhead costs.

Predicting accurate expenses is easy to do. By looking at current expenses for each line item you can predict what the year-end total expense will be. A look at the last year or two will confirm that the expense estimate is accurate. Any increase in the activity of a program or change in costs outside the control of the Council can be included. Such an increase in cost might be an increase in electrical rates or postage rates to sight two simple examples.

Only the money that comes in can be spent. Ideally the income and expense for the year will be equal. Perhaps a slight surplus can be budgeted. If the expected surplus becomes reality, it can be used to build a reserve or for some necessary special equipment or project.

It is easy to accurately estimate expenses, but it is difficult to nearly impossible to accurately estimate income. Most of our income comes from donors, grants, estates, events, annual appeals, store sales, car sales and the like. The most common error in budgeting is to match the income to the expenses you have estimated. When the estimated expenses exceed income, some Councils err by simply raising the estimated income from estates, grants or some other hoped-for resource. Such a financial practice is very dangerous and may well be the underlying cause of the gradual decline of the financial health of a Council over several years.

Any time significant increases in income are in the proposed budget, appropriate questions need to be raised. These increases should have a firm basis and be explained thoroughly.

It is important to emphasize that the correct approach is to match the expenses to the income, not the income to the expenses. The incomes for most Councils are cyclical. It peaks during the Thanksgiving and Christmas holidays. Expenses for programs and overhead may be cyclical, too. Because income and expenses are cyclical, it is important to project the cash flow for each month of the year. Cash flow is simply showing projected income and expenses by month. From the starting operating cash available, add and subtract the surplus or deficit for each

month. That will give a good indication of how much operating cash will be available in each month. To conclude, even though the annual budget income and expenses may be equal, there will be months when one exceeds the other. If the budget is tight, there could be periods when there is a problem having enough cash to pay bills and salaries. Planning is needed to overcome this temporary cash shortage.

Capital Items Budget

Councils should also budget for capital expenses. There will always be a need for some new equipment or replacement equipment for ageing or broken items. Councils should list all needed or desired capital items for the coming year and prioritize them. For example, there may be a need for a new truck, a remodel of a store, a replacement of the phone system. Such items should be included in the budget at realistic costs. If the conservative estimate of income and accurate estimate of expenses creates a potential surplus, more capital items can be included in the budget.

Failure to include necessary replacement, maintenance and major repair of building and equipment will eventually threaten the Council's ability to run its programs. The items included in the capital items budget should also be scheduled for completion throughout the year and at a time when cash is available.

The remaining capital items that exceed the expected income should be listed by priority and completed as money allows at the end of the year. If not, they may become the priority items for next year's budget. There will always be some emergency repairs needed or equipment that breaks down. An amount for these unknown expenses should be included in the budget. This may mean pushing some capital items into next year's budget or at least until the unforeseen has occurred by the end of the year and there is still money left in the emergency amount.

Sometimes a potential donor will mention their intention to donate a sum of money. It is human nature for people to want their capital needs taken care of first. Consequently, a staff member, a Vincentian or volunteer might tell the donor that there is a need for a certain capital item and convinces the donor to donate expressly for that item. That donation

becomes a restricted donation. What is even worse is when a donor may be approached to fund a special capital item that is not even budgeted for the current year. Both cases just mentioned violate the Board's decision on what capital item is needed and when. In fact, the donor may have been just as happy to have the donation go to the general fund undesignated to help fund the overall budget.

Once the budget has been made and approved by the Board and in most cases by the membership, it should be adhered to as strictly as possible. If new programs, capital items and unbudgeted expenses are continually added to the operation throughout the year, the budget and the process to complete it is virtually worthless.

Finally, the Board must be provided regular financial reports, preferably on a monthly basis. It is the Board's responsibility to monitor the reports, ask questions and take appropriate action when necessary, always through the Chief Executive Officer/Executive Director.

Responsibility 7: Make sure there is effective management and use of the Council's resources.

The management of the Council is entrusted to the Chief Executive Officer/Executive Director. The **authority** to accomplish effective management of resources is given to the Chief Executive Officer/Executive Director by the Board of Directors. The Board can never completely relieve itself of the financial or operational **responsibilities** for the Council. Oversight of the Chief Executive Officer/Executive Director's activities and achievements is a Board responsibility.

There must be a clear understanding of what is expected as reflected in the job description as discussed above, the budget, and the programs approved by the Board.

John Carver in his *Carver Method* details what the Chief Executive Officer/Executive Director **cannot** do to manage the business for a Board instead of providing a list of what the Chief Executive Officer/Executive Director is expected to do. In other words, anything not forbidden is within the Chief Executive Officer/Executive Director's authority to act.

The list of forbidden acts starts out very broadly. It may say not to violate any law or initiate any program that is not within the mission of the Council. The list then becomes more specific by levels, ending up with very specific items. For example, it specifies the dollar spending limit that can be authorized without Board approval.

Each major program should be scheduled for review during the year. The Board members should have a firm view of what they expect each program to achieve. Beyond the financial side of the review, there should be an understanding of the level of services to be provided in each program. That level should be determined at the program review time when it is decided to increase, decrease or maintain the status quo of a program.

That decision of the level of service in each program should be reaffirmed when the new budget is approved. Many programs have what might be referred to as “financial creep.” Each year the budget is increased. Some of that increase may be simply inflation in salaries, additional staff, increased costs of supplies to operate the program, and similar reasons. The Board is responsible to be sure the increased costs are justified. One good question to ask is: Do the increased costs result in increased services?

It is a good practice to include monthly service numbers with the financial statements. It can be easily done with simple computer programs and it keeps the focus on the mission and services in addition to expenses for the program. The comparisons of year-to-date expenses and year-to-date services given will be an excellent way of measuring effective use of resources. Obviously, monthly financial reports should indicate the income and expenses to date. To determine the true cost of a program, administrative costs, fundraising and other overhead costs should be assigned to each program.

It should be a regular practice of the Board members to identify those line items that are significantly over or under the year-to-date budget. Board members should ask appropriate questions and pursue the information until they understand the reasons for the variants. They should find out what, if any, corrective action is being taken. The Chief

Executive Officer/Executive Director should be prepared at the Board meeting to explain any year-to-date expense that exceeds a certain percent as established by the Board. A common benchmark might be 10 percent or 15 percent. The same is true of income.

Some forms of income can be better controlled than others. Store income, for example, is one that is easier to influence whereas individual donor gifts and estates and trusts are impossible to know month to month. It is still important to examine any budgeted income that is significantly below year-to-date estimates. If a serious problem in income is becoming evident, the sooner some action to improve it is taken, the more likely it will be successful.

A review of several years is a good idea if a line item of income is significantly under budget. The question to ask is: Is this just happening this year or has it been a constant problem for several years? If it is a continual problem, the rationale at budget time should be investigated.

Policies

Effective management is directed and controlled by the policies and appropriate procedures the Board passes and the Chief Executive Officer/Executive Director implements. These policies result in an overall process of management.

The Board of Directors establishes goals and gives direction on how to operate the Council. These goals and directions are in the form of resolutions and motions that apply to both the business side of the Council and the Vincentian side of the Council. These instructions or decisions by the Board are usually called policies.

The intended goal of a policy may be very diverse. In the general sense, policies are passed by the Board for two reasons. One is to avoid some negative result that has occurred or may occur in the Council. For example, there may be a policy that no property donation will be accepted without a Phase One Environmental Inspection. Acceptance of donated property with contamination could have a negative effect on finances and/or public image. Other policies could set limits on exceeding the budget on-line items, or on starting new programs without

prior Board approval. These are to avoid serious budget deficits that can threaten program continuation. Another example might be a policy on the use of FEMA food. The negative impact of not operating properly could be the loss of this important resource.

The second category of resolutions or motions is to achieve a positive result or benefit. A policy can also be a positive statement of what is to be done. Such a policy might be the requirement to include a management training course for a certain level of management. Another example would be the authorization for staff to enter an agreement to collaborate with another agency on a community wide project. A goal-oriented policy for members might be the establishment of a Twinning system to aid Conferences that have more work than they have money. These policies usually state **what** is to be done or not done. The Chief Executive Officer/Executive Director through the Council's staff determines the step by step of **how** it is to be done.

Policies/Procedures

Another policy form is what would commonly be called a procedure that specifies exactly how each activity is to be done at each step. For example, if consensus cannot be used then adopting Robert's Rules of Order as a process for conducting Board meetings would be appropriate. This is often stated in the Bylaws. In this latter example, it would be wise to pass a resolution to include in the Policy Manual. It details all actions, protocol, responsibilities and restrictions in the meeting process. Another example is a personnel policy. The goal is to have productive employees, a safe workplace, etc., while following all employee related laws and regulations. The Personnel Policy spells out specifically what is acceptable and what is not. That Board approved policy/procedure may specify exactly the step by step process to be followed.

Policies/Legal

Some of the business conducted by the Board must comply with legal requirements. This usually applies to a decision to accomplish a specific required task. For example, many banks require a resolution to open a bank account. Some estate and trust bequests have a requirement that the Board pass a resolution to accept the bequest.

Management by Policies

An overriding goal in Board policies is for the Council to be managed by processes and not by impulse. This will give continuity to the management and operation even though leadership and staff change. A good example is a policy on how the resolutions and motions are brought to the Board. Any Board member has a right to bring an item of business to the Board for action. However, there is a need for a process so that full information is available to all Board members prior to the Board meeting so they can make an informed decision. One suggested method is to use the Executive Committee to screen items to come before the Board. The Executive Committee has only four questions to answer to determine whether or not an item would become an action item for the next Board meeting:

1. Is the proposed resolution/motion a legal purpose?
2. Is the proposed resolution/motion in compliance with the Rule and Council Bylaws?
3. Is the proposed resolution/motion one that is germane to the Society and the Council, and is it within the Mission?
4. Is there sufficient information on the resolution, pro and con, for the Board members to make an informed decision?

No proposed resolution or motion should be withheld from the Board for any other reason. The Board makes policy, not an Executive Committee. Blocking a legitimate issue usurps the Board's right and its duty to decide the issue on its merits. Any policy should specify the minimum number of days before the Board's next meeting that the information must be in the Board members' possession.

Chapter 7 Protect Council Integrity and Ensure Accountability

Responsibility 8: Enhance the Society and Council’s credibility and public image.

Credibility

The Council’s credibility is critical to all stakeholders. Credibility is corporate integrity, being worthy of trust and being trusted that what we say can be believed. Of course, credibility is built with absolute faithfulness to the Rule and Mission. It is built upon how we treat people and the completion of every promise we make to any stakeholder. A good philosophy to follow is to “under promise and over perform.” Credibility or trust is earned when efforts are continually made to inform all stakeholders what we do, why we do it, how we do it, what we have accomplished, and how much money was spent on it.

Integrity is almost more important in small matters. Humanly, we often overlook small mistakes that we all make. With large problems we work to correct or explain why our work was poorly done. Even if we take care of the large problems, however, continual small failures and little faults are often what people judge us on. They generalize that these are indicators of all the work we do. As the saying goes, “The devil is in the detail.” Too much devil in small actions can ruin our credibility.

Every one of our stakeholders can support our public image or destroy it in so many little ways. The total of those many little ways is how we are identified. Without credibility we will lose support and we will have trouble attracting and keeping members and volunteers. If donors are concerned about our stewardship of funds, there can be a hidden erosion of trust and funds. Many of our employees become true believers in our Mission and our work. Even those that may just need a job come to respect what we are doing. If they doubt our credibility, it will affect their commitment and the quality of their work. It may even result in an unusually high turnover of employees. All nonprofit organizations also belong to a network in a community of work and inter-organizational communication. Losing faith with them can seriously impact our image

and our ability to collaborate with many of them. From time to time we need the goodwill and sometimes the financial support of government agencies. Failure to honor our word or complete our service mission will reduce our image and capabilities. If a Council ever alienates the community at large, it will create difficulties for years to come.

Public Image

Public image is directly impacted by credibility. Without credibility it is virtually impossible to create a positive public image. Public image begins with stating our Mission, core values, and what we stand for openly and often. Some for-profit corporations display their mission and core values where all clients, suppliers and the public can see them. It enhances their image. SVdP Councils should consider doing the same.

Public image emerges from telling our story to the public in various venues. We have a solid mission and we do important and valuable work. We must continually tell our story. Vincentians are doing the right things for the right reasons and for the right people. The community at large respects that. Take every opportunity to tell the Council's story of its programs and successes. Create opportunities to provide the public with positive information about the Council's work. Therefore, periodic or even regular news releases should be distributed, and efforts at outreach to local and regional media should be undertaken. Some of them will be used, and all will help tell our story and build our image with the media. It may not be a clearly outstanding event that all media would be excited about using, but on a slow news day even routine work can make the headline news. Items to insert in parish bulletins should be furnished to all Conferences and their use encouraged. Parishioners are often the greatest supporters.

And the Board should seek to have an annual report printed in the Diocesan paper even if it has to pay to do so, because such a report will reach most of our Catholic Church members and tell them the good work that the Council is doing.

Decades ago, our Society believed its work needed absolute privacy. In fact, many close friends and fellow parishioners of Vincentians did not even know they belonged to the Society. However, times have changed

and so have a lot of the services we provide to Christ's poor. In the past a higher percentage of our work was probably done on home visits and less in special works. We must still respect an individual's privacy, but Special Works attract more public attention and may need more financial support and public volunteers. So, public image and identity are important.

Sooner or later all Councils are faced with situations that may be damaging to their image. The negative incidents may receive community wide attention through the media. The way a negative issue in the press or on TV is handled goes a long way toward a positive public image. Sometimes on critical issues the telephone call may come without warning or the TV crew just shows up at the door. The first piece of advice is to never, never say, "No comment." The second piece of advice is to have a predetermined official spokesperson for the Council. Within the Society, the official spokesperson is defined. The National President is the only official spokesperson of the Society on national issues. The elected Council President is the official spokesperson for the Society on local issues. No other Board member or Vincentian speaks for the Council! The important point, however, is to be prepared.

Responsibility 9: Protect the Council's integrity and ensure its accountability

To ensure integrity and accountability the Board of Directors must operate in compliance with the Rule, the Corporate Charter, the Bylaws, all federal, state and local laws and all policies in effect for Council. Each of these required operational and legal requirements should be reviewed periodically.

The following essential policies should be in place for the Council even though some are mentioned in the Rule or Bylaws. The Corporation is a separate legal entity in the eyes of the state and federal government. In addition, there are some funding sources that will want to see that the Council Board has enacted these essential policies for the Council and its operation.

Nondiscrimination Policy

A statement of nondiscrimination should include all areas of discrimination required by federal or state law. But it also goes beyond that. It should also prohibit discrimination against those we serve. The Rule, Part III, Statute 8, is clear: *Services are provided regardless of race, creed, color, gender, sexual orientation, criminal justice status, disability, marital status, veteran status, national origin, age or physical handicap.*

Conflict of Interest Policy

No Board member, officer or employee in a decision-making position, major donor, or immediate family of Council members should realize personal gain from their position with the Council other than salary and normal benefits, if appropriate. Without doubt a Conflict of Interest Policy should be passed by the Board. It should require at least annual disclosure of any relationship that exists that might create a conflict of interest. The resultant policy should forbid loans to a Board member or the Chief Executive Officer/Executive Director. Other key positions may also be noted such as the key finance person for the Society or a major donor. With so many stakeholders and such a reliance on donors to fund our work, respecting this policy is critically important. The Society's National office has such a Conflict of Interest Policy. A copy can be obtained in order to have a good example of what such a policy should contain.

If there is even a question of conflict of interest on a matter, a Vincentian or an employee in a decision-making position should immediately remove himself/herself from the decision-making situation. If he/she is a Board member, then he/she should excuse himself/herself from any discussion and vote. It is important to note that this does not preclude the Board from entering into an agreement that might profit a Board member, an officer, an employee or a major donor. It does, however, mean that the Board member, officer, employee or major donor with the conflict needs to be removed from participating in any decision making around this matter.

Sarbanes-Oxley Act

Because of questionable accounting procedures and other illegal practices, gross financial mismanagement has been uncovered in some for-profit and nonprofit corporations. These revelations resulted in the passage of the Sarbanes-Oxley Act in Congress on July 20, 2002. The law is primarily aimed at for-profit corporations, but two provisions apply to both for-profit and nonprofit organizations. They are Document Destruction and Whistle-Blower Protection. Although the entire Act does not apply to nonprofit corporations, it is widely believed that they will eventually be held to the same standards. As a result, every source of information and advice on nonprofit governance recommends strongly that nonprofit governance be brought up to the standards of for-profit governance.

It is important to examine the two provisions that already apply to nonprofits. The first is the Document Retention Policy. It is illegal to destroy or alter any document to prevent its use in an official proceeding (e.g. federal investigation or bankruptcy proceedings). The Document Retention Policy is quite straightforward and should be completely complied with in the unlikely event of a federal or state investigation or a bankruptcy filing. The records can be retained in an electronic format. The second provision that applies is the Whistle-Blower Protection Policy. It is illegal for a corporate entity to retaliate against any employee who reports suspected illegal activity by their employer. A whistle-blower policy is now required by law. This is not a simple policy. It has legal implications that may not be known until an incident occurs. The Society's National Office has a whistle-blower policy that is available to any Council that would like a copy. The policy still must fit each individual Council. It is good advice to consult an attorney when developing this policy.

It is important to emphasize that many states now require compliance or are considering requiring compliance by nonprofits with other or all of the Sarbanes-Oxley Act provisions. Some of these will be covered in the following section.

Legal Policy Matters

Good governance dictates that the Board ensures that the Corporation complies with all legal requirements and the practices that support them. The list of legal responsibilities includes the following topics:

- Articles of Incorporation (Corporate Charter)
- Bylaws
- History – Policy and General
- Tax Filings
- Audit and Audit Committee
- Vincentian Annual Reports

Articles of Incorporation

Articles of Incorporation are filed with the appropriate state office in order to establish a nonprofit corporation. They typically include the new organization's full legal name, a general statement of purpose, a provision for the disposition of assets if the organization is dissolved, and the names and addresses of the initial incorporators.

The Articles of Incorporation should be as general as possible and should contain only what is required by state law. Appropriate provisions limiting the corporation's activities must appear in the articles of incorporation and must be followed if the organization is to have the right to qualify for and maintain a federal income tax exemption. The Articles of Incorporation are rarely re-examined. Over the years that stretch into decades, however, the Council and its works evolve. What were accurate Articles of Incorporation 25, 50 or 75 years ago may not be accurate today. The Articles of Incorporation should, therefore, be periodically reviewed (perhaps every five to 10 years). This review is often not accomplished unless it is specifically put on the calendar to consider at a meeting of the Board. It is important to note that most states require corporations to make regular filings to maintain their

corporate license. The states vary on the timing of the periodic filings and what is required to be filed. Failure to comply with what are most often routine filings can result in the cancellation of your right to operate a corporation, thus jeopardizing your 501(c)(3) tax exempt status.

If your Council is not incorporated, then instead of Articles of Incorporation it should have Articles of Association that include a 501(c)(3) compliant purpose statement, dissolution provision, other 501(c)(3) required language, and other information typically included in Articles of Incorporation. These probably will not need to be filed with a state office. You should, however, check with an attorney in your state to determine the filing or content requirements of your state.

Bylaws

While Articles of Incorporation state the general purpose of the corporation, the Bylaws state the general way the corporation is to govern itself. For example, resolutions and motions by the Board determine the specific ways the corporation will govern itself. A review of them to make minor adjustments might be scheduled every three to five years. A major review could be accomplished about every 10 years. A review does not automatically require a complete rewrite. It should be amended to meet current practice or future needs.

Bylaws are subordinate to the Articles of Incorporation; if there is a conflict, the Articles always prevail. Therefore, it is important that Councils ensure they are familiar with the contents of the Articles of Incorporation so that the Articles of Incorporation and Bylaws are never inconsistent.

All Council Bylaws should follow the National Council approved Bylaws found on the National Council web site at Governance-in-a-Box.

If a Council is not incorporated, then in addition to the Articles of Association it should also adopt as Bylaws Document 8 or 9 also found on the National Council web site under Governance-in-a-Box. The Articles of Association and Bylaws should never be inconsistent.

History - Policy and General

There is a natural flow of Board members serving their terms on the Board. Usually the more experienced members will recall if a topic was acted on in a prior policy. As time goes on, however, the members change and the knowledge of policies in place and their components are often forgotten. Modern computer technology has provided some simple systems that can be used to categorize policies and organize them by date or by topic.

Each resolution or motion that is approved should have a unique identification. One suggestion is to number the policy by month, day, year and running number. For example, the first policy, passed on March 2, 2007, would be identified as 2007-03-02-1. The second policy passed at that meeting would be policy number 2007-03-02-2. The first policy passed at the next meeting, on April 9, 2007, would be 2007-04-09-1, etc. A series of categories can be developed that identify in a broad way what the policy pertains to. Examples are the Board, Stores, Personnel, Conference Twinning, Training, etc. Using a simple database, the approved policies can be retained by title, a short description of the resolution/motion, or even the entire policy by category and by identifying number. For example, the database can be sorted to bring up all policies relating to Personnel in date order. If the category is not known, the policies can be sorted by year or month. Essentially you will have a Policy Manual in the database.

The Policy Manual can then be printed out either by year, category or both. It would be a good practice to print out Policy Manual additions for each Director in each new fiscal year. A review of this Policy Manual will avoid solving the same problem years later. It will also help to keep all existing and new Board members aware of how the Council is operated.

A general history of the Council should be maintained and provided to each Board member. This would be very basic and include the founders of the Council, the date founded, and the date instituted. Perhaps included could be the dates that major programs were initiated or closed. Every Board member should be provided with an up-to-date Policy Manual and Council History. Both the Policy Manual and the Council

History should be provided to new Board members as part of their orientation to the Board.

In his book, *The Corporate Person*, Harold Everson relates a simple allegory to illustrate the need for a corporate history.

“A spider set out to spin a web high in the recesses of an old barn. He began with a single filament attached to a rafter, dropping down to a beam, and then swinging back and forth in the dusty darkness. For days he labored, carefully spinning an intricate network of silken strands. Occasionally a shaft of sun light would shine through a crevice, highlighting the beauty of the web.

Finally, it was completed, and the spider settled down in its center, content to admire its construction and bask in the comfort of what he had created. As the spider looked at his masterpiece, he noticed one seemingly irrelevant thread, rising into the darkness to the rafters near the roof. “I can’t remember where that came from,” he thought to himself. Reaching up with a claw, he grabbed the slender strand. Tugging and pulling, he broke it loose from the moorings where it had been anchored long ago, and the entire web collapsed around him.”

The Society’s slender thread has been the foundation and the anchor for the Society since 1835. It is the Rule. As each Conference and Council joins the Society, they attach themselves to our slender thread, the Rule. If a Conference or Council cuts that thread, they take a fork in the road. As years and leaders go by more forks are taken. There will come a time when the work and the group are either far removed from the Society’s mission and time-tested standards or they will no longer exist.

We need to know our slender thread attached to our beginnings and strengthened through the years. It helps every Board member to know where the Society came from, the strengths that foundation still represents, and what it contributes to our work today.

Tax Filings

All nonprofit corporations must file a federal tax return commonly known as a 990. The requirement is to file a 990, 990EZ or 990N, depending on annual income and value of assets. (Refer to the current filing requirements to determine which form to use.) Failure to file could result in the loss of the 501(c)(3) tax exempt status and/or significant penalties. Our financial resources depend to a high degree on the donor's ability to take a tax deduction for the contribution. Loss of the 501(c)(3) tax exempt status would be disastrous to a Council.

The Council's Board of Directors should review and submit the 990 to the IRS. If the Council has an Executive Director/CEO, he or she should also review the 990 and make sure it is submitted to the IRS in a timely manner; but the responsibility for submitting it to the IRS ultimately rests with the Board of Directors. A public declaration of this form's accuracy by a Chief Executive Officer/Executive Director can enhance the Council's credibility with donors. Tax form 990 is available to the public through various sources. It must be available by law to anyone who requests it. Even if a request is made in person without prior knowledge that they are coming to the Council office, the 990 should be available and given to them immediately.

Consideration should be given to posting the 990 on the Council website. The financial condition is not as critical to potential donors as the transparency of that condition to the public. The Council needs to show that it has good governance and accounting practices in place. Also, the Council should welcome public scrutiny as to how we are spending our donors' gifts.

Audit and Audit Committee

It is good basic financial management to require an annual audit by an outside accounting firm or CPA. Most foundations will not consider a grant without a current audit. Some other foundations and donors may also base their gifts in part on audit information. In addition to the Sarbanes-Oxley Act, it is obvious that all organizations, for-profit and nonprofit, need to improve their governance and compliance with good practices.

The following is a report about the intentions of the IRS to focus on charitable organizations and their compliance with tax regulations.

**Written Statement of
Mark W. Everson
Commissioner of Internal Revenue
Before the Committee on Finance,
United States Senate
Hearing on
Charitable Giving Problems and Best Practices
June 22, 2004**

“As I will discuss, there are abuses of charities that principally rely on the tax advantages conferred by the deductibility of contributions to those organizations ... I am committed to combating abuse in this area. We recently released our IRS Strategic Plan for 2005 – 2009. Along with improving service and modernizing our computer systems, one of our strategic goals is to enhance enforcement of the tax law ... If funded, we expect to increase our spending in the examination area with respect to tax-exempt entities by 17 percent in 2005. This funding is crucial, particularly with respect to Charities.

**“DETERRENCE OF ABUSES WITHIN TAX-EXEMPT
ORGANIZATIONS AND GOVERNMENT ENTITIES”**

“In recent years there have been a number of very prominent and damaging scandals involving corporate governance of publicly traded organizations. The Sarbanes-Oxley Act has addressed major concerns about the interrelationships between a corporation, its executive, its accountants and auditors, and its legal counsel. Although Sarbanes-Oxley was not enacted to address issues in tax-exempt organizations, these entities have not been immune from leadership failures. We need go no further than our daily newspapers to learn that some charities and private foundations have their own governance problems. Specifically, we have seen business contracts with related parties, unreasonably high executive compensation, and loans to executives. We at the IRS also have seen

an apparent increase in the use of tax-exempt organizations as parties to abusive transactions.”

If your Council is large enough, an independent Audit Committee should be established by the Board of Directors. It is recognized that smaller Councils might not be able to have an independent Audit Committee. Nevertheless, whether your council has an independent Audit Committee or not, it is imperative that the Council has an independent Board of Directors. In the next two paragraphs, an independent Board of Directors should be substituted for Audit Committee if your council does not have an Audit Committee.

This report indicates the reason for concern. Although there was a time when the operations of nonprofit organizations were not closely scrutinized, times have changed with for-profit problems, Sarbanes-Oxley Act, the IRS’s new focus on nonprofits, and the enactment of various state requirements for nonprofit organizations. Therefore, an independent Audit Committee should be established by the Board of Directors.

The Audit Committee should be made up of members of the Board of Directors not in a management position. It should also include at least one member with strong financial knowledge and the ability to counsel the Board. The Audit Committee should be independent; it should not be part of the management team and not receive compensation. It should be directly responsible for hiring, setting compensation, and overseeing the auditor’s activities. It sets rules and processes for complaints concerning accounting and internal control practices.

The report from the auditors should go directly to the Audit Committee so that all management and critical accounting policies are known to them. Any critical issues with the audit, management or financial procedures should be brought to the Board for appropriate action.

The Audit firm should not be allowed to provide non-audit services. This conforms to the Sarbanes-Oxley Act. That Act lists the following services that are prohibited:

1. Bookkeeping or other services related to the accounting records

- or financial statements of the audit client;
2. Financial information systems design and implementation;
 3. Appraisal or valuation services, fairness opinions, or contribution-in-kind reports;
 4. Actuarial services;
 5. Internal audit outsourcing services;
 6. Management functions or human resources;
 7. Broker or dealer, investment adviser, or investment banking services;
 8. Legal services and expert services unrelated to the audit; and
 9. Any other service that the Board determines, by regulation, is impermissible.

Certain tax-related and other services may be approved by the Board. It should be evident that the Sarbanes-Oxley Act itself should be closely reviewed by the Board.

It is recommended that the lead and reviewing partners of the audit firm be rotated at least every five years. The National Council of the Society has a policy requiring an Audit Committee. It can be a starting point for any Council policy. As with all policies, it is still the Council Board's responsibility to be sure the policy fits their Council.

Vincentian Annual Reports

Councils are part of a larger family. Each Vincentian belongs to a Conference, Conferences belong to District Councils, District Councils belong to (Arch)Diocesan Councils, (Arch)Diocesan Councils belong to the National Council, and the National Council belongs to the Council General (International Council). All the various levels have a responsibility to the entire Society. Part of the responsibility is to

faithfully and accurately report the services they provided each year. Every Conference, every District Council and every (Arch)Diocesan Council has a moral obligation and a vested interest in complete reporting.

At the National level it has become a necessity to list the missing Council reports to account for the reduction in report accuracy and completeness to those who read it. Many of the stakeholders that see the National Annual Report may temper their support of the Society because of incomplete and inaccurate accountability.

There are many organizations and stakeholders for whom the information is of value:

- Vincentian Leadership
- Donors
- Foundations
- The U.S. Bishops
- Pastors
- The Community
- Nonprofit Collaborators
- Local Government
- National Government
- The Council General
- The Papacy

Vincentian Leadership

Annual Reports are Important to Vincentian Leaders. Leaders from the Conference level to the Council General level are constantly asking: How well do we serve our members and the poor, what is the best use of our resources, and how can we do the work better? The starting place for all these broad questions is knowing exactly what we are accomplishing now. The only way to have an accurate picture is to have accurate and complete Annual Reports by all levels from Conferences to the Council General.

There are two Articles in Part I of the Rule that seem at first to be contradictory. But they are not.

3.9 Subsidiarity and freedom of action

The Society embraces the Principle of Subsidiarity as its basic standard of operation. Decisions are made as close as possible to the area of activity to ensure that the local environment and circumstances (cultural, social, political, etc.) are taken into consideration. In this way, the Society promotes local initiatives within its spirit. This freedom of action for Conferences and Councils, which has been kept faithfully since the origins of the Society, enables them to help the poor spontaneously and more effectively, free from excessive bureaucracy.

3.11 Presidents as servant leaders

Following Christ's example, the Presidents at all levels of the Society endeavor to be servant leaders. They provide an encouraging atmosphere in which the talents, capacities and spiritual charism of the members are identified, developed, and put to the service of the poor and the society of St. Vincent de Paul. The President of the Conference or Council will have special responsibility for promoting Vincentian spirituality.

The first says the Conferences and Councils act independently. The second states that the President as leader is a servant leader. Decisions should be made as close to the work as possible, but the President is responsible for serving and leading those doing the work. The President

must know what work is being done in order to best serve the ones he/she is serving. All planning begins by knowing exactly what is being done and where you are starting from and leaders are responsible for seeing that planning is done. Accurate and timely reports are needed by leadership to be able plan and to serve efficaciously. This applies to all levels of the Society and its work.

Donors

Annual Reports are Important to Donors. The competition for financial resources by nonprofit organizations has become very active. The number of nonprofits continues to grow. Mark W. Everson, Commissioner of Internal Revenue, stated at a Senate hearing on June 22, 2004:

“When the subject of tax-exempt organizations arises, we commonly think of charities ... But the tax-exempt sector is far broader. The approximately 3,000,000 tax-exempt entities include almost 1,000,000 501(c)(3) charities and almost 1,000,000 employee plans. The other million entities include state and local governmental entities, Indian tribal governments, and other tax-exempt organizations such as labor unions and business leagues. This sector is a vital part of our nation’s economy that employs about one in every four workers in the U.S.”

Not all these entities are vying for the donor’s money, but the number that do is very large and growing.

Because of problems of governance and illegal practices in both for-profit and nonprofit organizations, many donors are checking much closer before making a gift. They want to be sure their money ends up supporting the true mission. They are critical of large amounts of their donation going to administration, fundraising, or excessive salaries. When considering a donation, they also want to be confident that the information they derive from research on a nonprofit is complete, accurate and current. Any missing information reduces our ability to attract donors at all levels.

Foundations

Annual Reports are Important to Foundations. Foundations are very sophisticated. They take their own stewardship seriously. They also have astute people with knowledge of financial matters. Within their foundations they set financial and governance standards that any nonprofit must meet before they will be considered for a grant. For any grant request of significant size sent to the foundation, they will request detailed financial reports including annual financial reports and audits. They may request several years of information depending on the size of the grant. Some part of their decision will be based on the amount of overall services given and specifically for the area in question for the grant. They may also take a global look at the services to see how the community is being served. If the services are provided, but are not reported, it could negatively impact the chance of receiving a grant. If 15 – 20 percent of the Conferences failed to report, it would significantly reduce the total services provided.

Incomplete or inaccurate information may be the deciding point in granting the money. The Foundation will also be looking at administrative costs, amount spent on fundraising, and excessive executive salaries compared to dollars spent on programs.

The US Bishops

Annual Reports are Important to the U.S. bishops. Councils compile Annual Reports from the Conferences to submit to the National Council. The National Council compiles the Annual Reports from the Councils to produce its Annual Report. Each year every Bishop in the United States is provided with a copy of the National Council Annual Report. It is broken down by Region and by Diocese, as is our structure.

Because of late or missing Annual Reports from Councils, some of the services to the poor in some Dioceses are incomplete. That makes it appear that we are not being good stewards of the money that the Bishop may know we often receive from parishes. If he or his staff happen to compare a year's report that was more complete with this year where reports were not nearly complete, it would lead him to ask some pointed questions. For example, in one Diocese the Council requested some help

from the Bishop. On examining the Annual Report, the Bishop was not happy with the obviously incomplete reporting. He denied the request for help until such time as the delinquent reports could be furnished to him. We are present and active in each (Arch)Diocese at the pleasure of the Bishop.

Pastors

Annual Reports are Important to the Pastors. Most conferences are very good about reporting to their Pastor and parishioners. They should also provide their Annual Report to their District Council. It is important to have it included in the report to the Bishop. If it is ascertained that the parish report is one of the missing reports by the Bishop and he checks with the pastor, the Pastor will naturally and rightfully be unhappy with the Conference. We are in the parish at the pleasure of the Pastor.

The Community

Annual Reports are Important to the community. The community will judge us according to what they know of our service to those in need. The only way they can see all the good that we do is by looking at the information we make available through our Annual Report and our 990 filing. As indicated before, the community feels a certain sense of ownership of our work. To have our work underreported results in having our Society and Council undervalued.

Annual Reports are a good way to demonstrate the work we do and the stewardship we practice. They can be used in many ways to tell our story to our community.

Local Government

Annual Reports are Important to Local Government. In our service to the poor we need the good will and, at times, the financial help of local government. It may be as simple as health permits for food handling and as complex as a partnership in financing a shelter. In all cases of interfacing with local government, the local government will want to be certain that we are practicing good governance and that our records and

reports are accurate and complete. They have a civic duty to the public to ascertain the facts before providing any significant support.

National Government

Annual Reports are Important to National Government. A copy of our National Council Annual Report is sent to every member of congress. The members or their staff may use that report to understand what we do in their state and/or district. We will probably never know if some vote or action by the member of congress is based in part by information gleaned from our report about the poor. There is a constant flow of legislation that affects things like Section 8 housing, health care for children, food stamps, etc.

The Council General

Annual Reports are Important to the Council General. All of the information from our Conferences and Councils are compiled for the National Annual Report. That National Annual Report is sent to the Council General (International). They collect National Annual Reports from all the countries in which our Society is active. Those national reports are compiled into an Annual Report and sent to the pope at the Vatican. The Council General needs the report to be as accurate and complete as possible. Our very close relationship and our very existence as an independent Catholic lay organization is at the pleasure of the Pope.

The Papacy

Annual Reports are Important to the Pope. Our Catholic faith recognizes a preferential option for the poor. Christ told us many times in many ways to care for the poor. All Popes take that admonition from Christ seriously.

The Society is the largest lay organization in the Catholic Church, and we serve Christ's poor many times each year and in many ways. We have a core moral and ethical responsibility to be accountable for all the information on the work we do.

Lobbying and Political Campaigning

As a last point to emphasize in this chapter, the Society needs to follow the law regarding lobbying to maintain our integrity. It is important that we advocate for the reduction and/or elimination of the causes of poverty and suffering. Every Council should consider having a Voice of the Poor Committee, but that committee and the Council of which it is a part should know and obey laws on lobbying. Failure to do so may result in forfeiting the 501(c)(3) tax exempt status. The following is from the **Internal Revenue Fact Sheet, February 16, 2006:**

The Prohibition on Political Campaign Intervention

Under the Internal Revenue Code, all section 501(c)(3) organizations are absolutely prohibited from directly or indirectly participating in, or intervening in, any political campaign on behalf of (or in opposition to) any candidate for elective public office. The prohibition applies to all campaigns including campaigns at the federal, state and local level. Violation of this prohibition may result in denial or revocation of tax-exempt status and the imposition of certain excise taxes.

What is Political Campaign Intervention?

Political campaign intervention includes any and all activities that favor or oppose one or more candidates for public office. The prohibition extends beyond candidate endorsements. Contributions to political campaign funds or public statements of position (verbal or written) made by or on behalf of an organization in favor of or in opposition to any candidate for public office clearly violates the prohibition. Allowing a candidate to use an organization's assets or facilities will also violate the prohibition if other candidates are not given an equivalent opportunity. Although section 501(c)(3) organizations may engage in some activities to promote voter registration, encourage voter participation, and provide voter education, they will violate the prohibition on political campaign intervention if they engage in an activity that favors or opposes any candidate for public office. Certain activities will require an

evaluation of all the facts and circumstances to determine whether they result in political intervention. For an additional explanation, go to <https://www.irs.gov/newsroom/election-year-activities-and-the-prohibition-on-political-campaign-intervention-for-section-501c3-organizations>.

Voter Education, Voter Registration and Get Out the Vote Drives

Section 501(c)(3) organizations are permitted to conduct certain voter education activities (including the presentation of public forums and the publication of voter education guides) if they are carried out in a non-partisan manner. In addition, section 501(c)(3) organizations may encourage people to participate in the electoral process through voter registration and get-out-the-vote drives, conducted in a non-partisan manner. On the other hand, voter education or registration activities conducted in a biased manner that favor (or opposes) one or more candidates is prohibited.

Our National Voice of the Poor committee recommends issues that affect the poor and that we should support. Those issues and our position are approved by the National Board of Directors and final approval is provided by our National Council Members. It is good advice and good governance to contact the National Voice of the Poor Committee when considering whether to advocate on a local or state issue.

Chapter 8 Board Operations and Member Responsibilities

Board Operation and Member Responsibilities

All Board meetings should be scheduled for the same time each month or quarter. For example, the meeting might be held the third Wednesday of each month at 7 p.m. Board members need to know how to schedule their time so they can be present. Either in the Bylaws or in a resolution, the Board should set the standard for required attendance at Board meetings. For example, how many absences will result in removal from the Board?

Provisions in the Bylaws should provide for proxies for Presidents from the same Conference or Council when the Presidents cannot attend. Appointed members should not be allowed to send a proxy to the meeting. They were appointed to the Board because of their knowledge, skill or special contribution. Another person will not be able to bring those same attributes to the meeting.

An agenda should be provided to every member prior to the meeting. It should list action items, informational items, and reports. It should also include a spiritual reflection, roll call, standard minutes, treasurer's report, Chief Executive Officer/Executive Director's report and similar items.

There is general agreement that it is a good practice for the Executive Committee to prepare the Action and Consent items for the agenda.

A recommended process is below:

- In general, all the less-controversial action items should be dealt with first. The most difficult action items are at the end of the agenda.
- The Board should follow a protocol for conducting the Board Meeting. The Rule and Bylaws of the Society call for operating whenever possible by consensus. An explanation of how to use

Consensus in decision-making can be found in Appendix A. In the event consensus cannot be used then Robert's Rules of Order will be appropriate. Robert's Rules of Order as used by the Society can be found under Additional Resources at Governance-in-a-Box on the National Council Web Site. It is also in the interest of good governance for boards to use "Consensus" as the process for decision-making. Someone should be appointed parliamentarian for the rare times a question of procedure comes up.

- The goal of the President or Chair is to preside over a productive and cooperative meeting that accomplishes the work of the meeting.
- All resolutions or motions should be screened before they come to the Board. One suggested method is to use the Executive Committee or Governance Committee to do the screening. The Executive Committee or Governance Committee would have only four charges in determining whether an item would become an action item for the next Board meeting:
 1. Does the proposed resolution/motion have a legal purpose?
 2. Is the proposed resolution/motion in compliance with the Rule and Council Bylaws?
 3. Is the proposed resolution/motion germane to the Society and the Council, and is it within the Mission?
 4. Is there enough information on the resolution, pro and con, for the Board members to make an informed decision?
- No proposed resolution/motion should be withheld from the Board for any other reason.
- Every Board member has a right to bring an issue to the Board.

- The Board, not an Executive Committee, makes policy. Blocking a legitimate issue usurps the Board's right and duty to decide the issue on its merits.
- All action items and consent items with full explanation of them and the current financials must be furnished to all Board members with enough time for them to consult the Vincentians they represent.
- The goal in considering an action item is to have a full discussion of all viewpoints.
- The maker of the motion has first right to speak about it. Others wishing to speak should be recognized in the order they signal that desire.
- All discussion should be directed at the President. Debate directly between members of the Board should not be allowed.
- The President has the right to request that all members voice an opinion on any or all resolutions or motions. The only exception is that the Council President (based on Roberts Rules) should refrain from entering the discussions on resolutions or motions. The President's job is to be sure full information and complete discussion is accomplished, not to sway the vote by his/her position.
- If the President feels strongly about an issue, he/she should turn control of the meeting over to the Vice President. He/she can then participate in the debate. However, the Vice President is not allowed to speak to the issue at hand so long as he/she chairs the meeting.
- The President does not vote on any issue unless there is a tie vote.
- All resolutions and motions including amendments must be in writing and read by the secretary to the members just before a vote is taken.

- Minutes of the meeting should state what was done, **not** what was said during the debate.
- In the interest of time, a consent agenda can be used for routine matters. These are items where there is no controversy. One example is the authorization of signatures on a bank account.
- The President will ask if anyone wants an item to be removed from the consent agenda for discussion. Any one member that wants that to happen must be accommodated. The item then becomes an action item for the meeting.
- All items on the consent agenda are voted on at one time as a group.
- Committee or management reports that have significant new or important information should be heard. If the reports are routine, they should not be given at the meeting, but put in writing and submitted to the Secretary at the meeting.

In order that all Board members understand their duties and this process, an orientation for new Board members should be developed. A current member should be assigned to mentor a new member for the first few meetings. The new member should be furnished with the Council History, Policy Manual, Board member list, and any other relevant information. Non-Vincentian new members will require information on the Society and its structure. All Board members should have the Policy Manual updated at least annually. Each member should be able to understand the Council Financial Statement. A new member should be assisted in this and all members should have an annual training update. An annual retreat is recommended to accomplish some planning and to update training on various topics.

Each member of the Board of Directors has personal obligations, responsibilities and restrictions in their role as part of the corporate body. They have the overriding duties of loyalty, obedience, and care.

From the Rule, Part I, Article 3.4

Meetings are held in a spirit of fraternity, simplicity and Christian joy.

Loyalty

A Board member should be faithful to the Society and the Council. Every Board member comes to the Board with his/her personal experiences, knowledge and relationships. All of these are valuable to the Board. But all of them must be subservient to the business of the Board. All personal agendas not for the good of the Council are inappropriate. All potential conflicts of interest must be disclosed and personal involvement in related decisions by the Board avoided.

Many of those coming onto the Board possess strong leadership characteristics. They are take-charge people that get things done. Some will have the tendency to continue in that mode and will try to take over the direction of the Board and/or Council. However, the Board of Directors is the corporate body of the Council. It acts only as a unit. All decisions of the Board must be supported in public and in private whether the Board member voted for it or not. The only person who speaks for the Board or the Council is the one the Board has authorized to do so. The Board hires an Chief Executive Officer/Executive Director and assigns the responsibilities and authority to him/her. The Board member must honor the Board's decisions by supporting both the Board and the Chief Executive Officer/Executive Director. No Board member should give direction to the Chief Executive Officer/Executive Director or any employee unless the Board directs them to do so.

Obedience

The Board member must be obedient to the Rule, the Bylaws, the policies of the Council, and the mission of the Council. They must also be obedient to the laws imposed on the corporation by federal, state and local government. That means a personal responsibility to work with the Board to be sure all legal requirements for the Council are met accurately and on time.

Care

The following is a list of those actions which display a level of care for the operation of the Council:

- Board members should attend all Board meetings, special meetings and assigned committee meetings.
- A new Board member should review all policies, history and related items in the Policy Manual and Director Manual.
- Board members should read all the Board information provided before a meeting and seek additional information on action items, if necessary.
- Board members should use good judgment in consideration of any resolution or motion.
- The Conference or Council President who is on the Board representing Conferences or Councils should consult with them on sensitive issues.
- Board members should know how to read basic financial reports or seek help to learn how to understand them.
- Board members should ask questions to develop a complete understanding of the issue at hand.
- Board members should take active participation in the Board decision making. Everyone involved in making a Board decision deserves the views of other Board members. A member sitting quietly at the table, never saying anything, but simply voting is not contributing his/her views. Likewise, the member continuously talking instead of listening is not a valuable member in helping all viewpoints to be considered.
- All Board members should support the Council financially by their own direct contributions. They should take an active part in finding donors and taking part in fundraising events.

- All Board members are expected to take part in other activities of the Board for the good of the Council. These may include donor receptions, Council annual meetings, membership meetings, and similar events.

Personal Liability

Most states limit the personal liability of Board members. If they act outside the scope of the Board and its authority, they may be personally liable for any damages. If they do act independently of the Board, the Director's and Officer's insurance policy will probably not defend or pay a claim for them.

Chapter 9 Board Effectiveness Assessment

Responsibility 10: Assess and develop the Board's own effectiveness.

A self-evaluation of the Board should be done annually. Many Boards plan a retreat to assess basic Council operations. Management guru Peter Drucker suggests five well-known questions that should be reviewed annually:

1. What is our mission?
2. Who is our customer (stakeholder)?
3. What does the customer (stakeholder) want?
4. What are our results?
5. What is our plan?

For a more detailed analysis of the Council Board, there are a series of checklists attached below. Working through these checklists will bring up some very important questions for the Board. It will make a more effective Board by its thoughtful use.

They can be scheduled one or two at a time for a Board meeting or reviewed in total at a Board retreat.

The following checklist is a resource for internal use by nonprofit organizations. Management can use the checklist to identify their organization's administrative strengths and weaknesses. United Way staff and community volunteers intend this to strengthen their administrative capabilities. It is believed that widespread use of the checklist ultimately results in a more effective and efficient nonprofit community. The checklist is not intended to be used as a tool for external evaluation, or by grant makers in making funding decisions. This tool will be used to assist nonprofit organizations to gain a better understanding of their management needs and/or make improvements to management operations.

This checklist includes the following sections:

How to Use the Tool
Disclaimers
Legal Indicators
Governance (Board) Indicators
Human Resources Indicators
Planning Indicators
Financial Indicators
Fundraising Indicators

How to Use the Tool

The checklist indicators represent what is needed to have a healthy, well-managed organization. Since it is a self-assessment tool, organizations should evaluate themselves honestly against each issue and use the response to change or strengthen its administrative operations.

Ratings:

Each indicator is rated based on its importance to the operation and effectiveness of any nonprofit organization. The ratings are:

E: Indicators with an "E" are essential or basic requirements to the operations of *all* nonprofit organizations. Organizations which do not meet the requirements of these indicators could place their organizations in jeopardy.

R: An "R" rating signifies that these indicators are recommended as standard practice for effective nonprofit organizations.

A: Additional indicators which organizations can implement to enhance and strengthen their management operations and activities are rated with an "A."

Checklist Responses:

Organizations can respond in one of three ways to each indicator used:

1. **Met** - All indicators marked as "Met" demonstrate that the organization has fulfilled as essential management need.

However, the organization should review these indicators in the future to be sure that their management remains healthy in view of the many internal and external changes which constantly occur in all organizations.

2. ***Needs Work*** - An indicator that is marked as "Needs Work" implies that work has been done towards achieving this goal. The organization is aware of the need for this indicator and is working towards attaining it.
3. ***N/A*** - Indicators marked as "N/A" can mean several things, including:
 - The indicator is not applicable to the management operations of this organization.
 - The organization is not sure of the need to meet the requirements of this indicator.
 - The organization has not met, nor is working on this indicator presently, but may address it in the future.

All organizations should take note: All responses to indicators should be reviewed carefully to see if they could improve management operations. Indicators checked "N/A" due to uncertain applicability to the organization must be further reviewed to determine if they should become a part of "doing business." If the assessors simply do not know what the indicator means, further information may be needed to accurately assess the feasibility of its application. Indicators marked "N/A" because they have not been met but that apply to the organization, may require immediate attention. Technical assistance, consulting or training may be required to implement these indicators.

The indicators in this checklist should be informative and thought-provoking. The checklist can be used to achieve not only a beginning level of good management, but also to improve existing management to provide the organization with greater stability, reliability and success in the nonprofit community. It is also a useful, too, if an organization is experiencing management problems, to help pinpoint any weaknesses so action can be taken, or assistance sought to improve the organization's health. All organizations should use the checklist to re-assess themselves periodically to ensure compliance with established rules and regulations,

and to continue improving administrative health through the indicator's helpful suggestions.

Disclaimer

This checklist is designed to provide accurate and authoritative information regarding the topics covered. Legal requirements and non-legal administrative practice standards reflected herein are capable of change due to new legislation, the laws of your state, regulatory and judicial pronouncements in your state, and updated and evolving guidelines. All stated legal requirements are in effect as of Sept. 1, 1995. The same are utilized with the understanding that the provision of this checklist does not constitute the rendering of legal, tax or other professional services.

If the organization requires professional assistance on these or other nonprofit tax, management, or accounting issues, please contact your own professional advisors.

Legal Indicators

Rating *	Indicator	Met	Needs Work	N/A
E	1. All relevant filings to the Secretary of State are current. These filings might include: Annual Registration, Articles of Incorporation with all amendments, Change of Corporate Name, Change of Corporate Address. (The particular state office that processes these filings depends on which state you live in.)			
E	2. The organization is registered with and has filed its annual report with the Attorney General's Office. (The particular state office that processes these filings depends on which state you live in.)			
E	3. The organization has filed the IRS form 1023 (application for 501(c) status, if applicable) and has received a letter of determination. If the Form 1023 was either filed after 7/15/87 or was in the organization's possession on this date, it is made available for public inspection. (This requirement applies to tax-exempt organizations.)			
E	4. IRS form 990 and 990T (unrelated business income) if required, have been filed and copies of the 990 are available to the public. (This requirement applies to tax-exempt organizations.)			
E	5. Federal and state payroll tax withholding payments are current. (This requirement applies to organizations with employees.)			
E	6. Quarterly and annual payroll report filings are current. (This requirement applies to organizations with employees.)			
E	7. The organization has filed with the Minnesota Department of Economic Security and complies with all filing requirements of the Minnesota Unemployment Fund. (This requirement varies among states. Readers are encouraged to contact their Attorney General's or Secretary of State's office for any filing requirements in their state.)			
E	8. If the organization has qualified employee health and welfare and retirement benefit plans, they meet with all			

	the federal laws, including: COBRA; initial IRS registration; plan documents; annuals filings of the 5500 C/R with copies available to employees. (This requirement applies to organizations with employees.)			
E	9. Organization acknowledges and discloses to their board and auditor any lawsuits or pending legislation which may have a significant impact on the organization's finances and/or operating effectiveness.			
E	10. When the Board of Directors makes decisions, a quorum is present, and minutes are maintained.			
E	11. If the organization is subject to sales tax, state and city filings and payments are current.			
E	12. Organizations that participate in grassroots or direct lobbying have complied with all filings and government regulations.			
E	13. Organizations that conduct charitable gambling have complied with government regulations.			
E	14. Organizations with employees represented by a union must have copies of the union contracts on file.			
E	15. Organizations that operate in a fiscal or host-organization relationship with another organization or social service group have a written agreement on file.			
Indicators ratings: E=essential; R=recommended; A=additional to strengthen organizational activities				

Governance Indicators

Rating *	Indicator	Met	Needs Work	N/A
E	1. The roles of the Board and the Chief Executive Officer/Executive Director are defined and respected, with the Chief Executive Officer/Executive Director delegated as the manager of the organization's operations and the Board focused on policy and planning			
R	2. The Chief Executive Officer/Executive Director is recruited, selected, and employed by the Board of Directors. The Board provides clearly written expectations and qualifications for the position, as well as reasonable compensation.			
R	3. The Board of Directors acts as governing trustees of the organization on behalf of the community at large and contributors while carrying out the organization's mission and goals. To fully meet this goal, the Board of Directors must actively participate in the planning process as outlined in planning sections of this checklist.			
R	4. The Board's nominating process ensures that the Board remains appropriately diverse with respect to gender, ethnicity, culture, economic status, disabilities, and skills and/or expertise.			
E	5. The Board members receive regular training and information about their responsibilities.			
E	6. New Board members are oriented to the organization, including the organization's mission, bylaws, policies, and programs, as well as their roles and responsibilities as Board members.			
A	7. Board organization is documented with a description of the Board and Board committee responsibilities.			
A	8. Each Board has a Board Operations Manual.			
E	9. If the organization has any related party transactions between Board members or their family, they are disclosed to the Board of Directors, the Internal Revenue Service and the auditor.			
E	10. The organization has at least the minimum number of members on the Board of Directors as required by their			

	bylaws or state statute.			
R	11. If the organization has adopted bylaws, they conform to state statute and have been reviewed by legal counsel.			
R	12. The bylaws should include: a) how and when notices for Board meetings are made; b) how members are elected/appointed by the Board; c) what the terms of office are for officers/members; d) how Board members are rotated; e) how ineffective Board members are removed from the Board; f) a stated number of Board members to make up a quorum which is required for all policy decisions.			
R	13. The Board of Directors reviews the bylaws.			
A	14. The Board has a process for handling urgent matters between meetings.			
E	15. Board members serve without payment unless the agency has a policy identifying reimbursable out-of-pocket expenses.			
R	16. The organization maintains a conflict-of-interest policy and all Board members and executive staff review and/or sign to acknowledge and comply with the policy.			
R	17. The Board has an annual calendar of meetings. The Board also has an attendance policy such that a quorum of the organization's Board meets at least quarterly.			
A	18. Meetings have written agendas and materials relating to significant decisions are given to the Board in advance of the meeting.			
A	19. The Board has a written policy prohibiting employees and members of employees' immediate families from serving as Board chair or treasurer.			
Indicators ratings: E=essential; R=recommended; A=additional to strengthen organizational activities				

Human Resources Indicators

General Human Resources

Rating *	Indicator	Met	Needs Work	N/A
E	1. The organization has a written personnel handbook/policy that is regularly reviewed and updated: a) to describe the recruitment, hiring, termination and standard work rules for all staff; b) to maintain compliance with government regulations including Fair Labor Standards Act, Equal Employment Opportunity Act, Americans with Disabilities Act, Occupational Health and Safety Act, Family Leave Act, Affirmative Action Plan (if required), etc.			
R	2. The organization follows nondiscriminatory hiring practices.			
R	3. The organization provides a copy of or access to the written personnel policy to all members of the Board, the Chief Executive Officer/Executive Director and all staff members. All staff members acknowledge in writing that they have read and have access to the personnel handbook/policies.			
R	4. The organization has job descriptions including qualifications, duties, reporting relationships and key indicators.			
R	5. The organization's Board of Directors conducts an annual review/evaluation of its Chief Executive Officer/Executive Director in relationship to a previously determined set of expectations.			
R	6. The Chief Executive Officer/Executive Director's salary is set by the Board of Directors in a reasonable process and complies with the organization's compensation plan.			
R	7. The organization requires employee performance appraisals to be conducted and documented at least annually.			
A	8. The organization has a compensation plan, and a periodic review of salary ranges and benefits is conducted.			

A	9. The organization has a timely process for filling vacant positions to prevent an interruption of program services or disruption to organization operations.			
A	10. The organization has a process for reviewing and responding to ideas, suggestions, comments and perceptions from all staff members.			
A	11. The organization provides opportunities for employees' professional development and training with their job skill area and in such areas as cultural sensitivity and personal development.			
A	12. The organization maintains contemporaneous records documenting staff time in program allocations.			
Indicators ratings: E=essential; R=recommended; A=additional to strengthen organizational activities				

Volunteer HR Management

Rating *	Indicator	Met	Needs Work	N/A
E	13. The organization has a clearly defined purpose of the role that volunteers have within the organization.			
E	14. Job descriptions exist for all volunteer positions in the organization.			
R	15. The organization has a well-defined and communicated volunteer management plan that includes a recruitment policy, description of all volunteer jobs, an application and interview process, possible stipend and reimbursement policies, statement of which staff has supervisory responsibilities over what volunteers, and any other volunteer personnel policy information.			
E	16. The organization follows a recruitment policy that does not discriminate, but respects, encourages and represents the diversity of the community.			
E	17. The organization provides appropriate training and orientation to the agency to assist the volunteer in the performance of their volunteer activities. Volunteers are offered training with staff in such areas as cultural sensitivity.			
R	18. The organization is respectful of the volunteer's abilities and time commitment and has various job duties to meet these needs. Jobs should not be given to volunteers simply because the jobs are considered inferior for paid staff.			
R	19. The organization does volunteer performance appraisals periodically and communicates to the volunteers how well they are doing, or where additional attention is needed. At the same time, volunteers are requested to review and evaluate their involvement in the organization and the people they work with and suggest areas for improvement.			
R	20. The organization does some type of volunteer recognition or commendation periodically and staff continuously demonstrates their appreciation towards the volunteers and their efforts.			
A	21. The organization has a process for reviewing and			

	responding to ideas, suggestions, comments and perceptions from volunteers.			
A	22. The organization provides opportunities for program participants to volunteer.			
A	23. The organization maintains contemporaneous records documenting volunteer time in program allocations. Financial records can be maintained for the volunteer time spent on programs and recorded as in-kind contributions.			
Indicators ratings: E=essential; R=recommended; A=additional to strengthen organizational activities				

Planning Regarding the Total Organization

Rating *	Indicator	Met	Needs Work	N/A
E	1. The organization's purpose and activities meet community needs.			
R	2. The organization frequently evaluates, by soliciting community input, whether its mission and activities provide benefit to the community.			
R	3. The organization has a value statement that is reflected in the agency's activities and is communicated by its constituents.			
A	4. The value statement includes standards of ethical behavior and respect for others' interests.			
E	5. The organization has a clear, meaningful written mission statement that reflects its purpose, values and people served.			
R	6. The Board and staff periodically review the mission statement and modify it to reflect changes in the environment.			
E	7. The Board and staff developed and adopted a written strategic plan to achieve its mission.			
A	8. Board, staff, service recipients, volunteers, key constituents and general members of the community participate in the planning process.			
E	9. The plan was developed by researching the internal and external environment.			
R	10. The plan identifies the changing community needs including the agency's strengths, weaknesses, opportunities and threats.			
R	11. The planning process identifies the critical issues facing the organization.			
R	12. The plan sets goals and measurable objectives that address these critical issues.			
E	13. The plan integrates all the organization's activities around a focused mission.			
R	14. The plan prioritizes the agency goals and develops timelines for their accomplishments.			

A	15. The plan establishes an evaluation process and performance indicators to measure the progress toward the achievement of goals and objectives.			
R	16. Through work plans, human and financial resources are allocated to insure the accomplishment of the goals in a timely fashion.			
A	17. The plan is communicated to all stakeholders of the agency -- service recipients, Board, staff, volunteers and the general community.			
Indicators ratings: E=essential; R=recommended; A=additional to strengthen organizational activities				

Planning Regarding the Organization's Programs

Rating *	Indicator	Met	Needs Work	N/A
E	1. Programs are congruent with the agency's mission and strategic plan.			
A	2. The organization actively informs the public about its programs and services.			
A	3. Clients and potential clients can participate in program development.			
R	4. Enough resources are allocated to ensure each program can achieve the established goals and objectives.			
R	5. Staff has enough training and skill level to produce the program.			
A	6. Programs within the organization are integrated to provide more complete services to those in need.			
R	7. Each program has performance indicators to ensure that the program meets its goals and objectives.			
R	8. Performance indicators are reviewed annually.			
A	9. The agency networks and/or collaborates with other organizations to produce the most comprehensive and effective services to those in need.			
Indicators ratings: E=essential; R=recommended; A=additional to strengthen organizational activities				

Planning Regarding the Organization's Evaluations

Rating *	Indicator	Met	Needs Work	N/A
R	1. Every year, the organization evaluates its activities to determine progress toward goal accomplishment.			
A	2. Stakeholders are involved in the evaluation process.			
R	3. The evaluation includes a review of organizational programs and systems to ensure that they comply with the organization's mission, values and goals.			
R	4. The results of the evaluation are reflected in the revised plan.			
A	5. Periodically, the organization conducts a comprehensive evaluation of its programs. This evaluation measures program outcomes.			
Indicators ratings: E=essential; R=recommended; A=additional to strengthen organizational activities				

Planning Indicators

Rating *	Indicator	Met	Needs Work	N/A
E	1. The organization follows accounting practices which conform to accepted standards.			
E	2. The organization has systems in place to provide the appropriate information needed by staff and Board to make sound financial decisions and to fulfill Internal Revenue Service requirements.			
R	3. The organization prepares timely financial statements including the Balance Sheet [or Statement of Financial Position) and Statement of Revenue and Expenses [or Statement of Financial Activities] which are clearly stated and useful for the Board and staff.			
R	4. The organization prepares financial statements on a budget versus actual and/or comparative basis to achieve a better understanding of their finances.			
E	5. The organization develops an annual comprehensive operating budget which includes costs for all programs, management and fundraising and all sources of funding. This budget is reviewed and approved by the Board of Directors.			
R	6. The organization monitors unit costs of programs and services through the documentation of staff time and direct expenses and use of a process for allocation of management and general and fundraising expenses.			
E	7. The organization prepares cash flow projections.			
R	8. The organization periodically forecasts year-end revenues and expenses to assist in making sound management decisions during the year.			
E	9. The organization reconciles all cash accounts monthly.			
E	10. The organization has a review process to monitor that they are receiving appropriate and accurate financial information whether from a contracted service or internal processing.			
E	11. If the organization has billable contracts or other service income, procedures are established for the periodic billing, follow-up and collection of all accounts,			

	and has the documentation that substantiates all billings.			
E	12. Government contracts, purchase of service agreements and grant agreements are in writing and are reviewed by a staff member of the organization to monitor compliance with all stated conditions.			
E	13. Payroll is prepared following appropriate state and federal regulations and organizational policy.			
E	14. Persons employed on a contract basis meet all federal requirements for this form of employment. Disbursement records are kept so 1099's can be issued at year-end.			
E	15. Organizations that purchase and sell merchandise take periodic inventories to monitor the inventory against theft, to reconcile general ledger inventory information and to maintain an adequate inventory level.			
R	16. The organization has a written fiscal policy and procedures manual and follows it.			
E	17. The organization has documented a set of internal controls, including the handling of cash and deposits, approval over spending and disbursements.			
E	18. The organization has a policy identifying authorized check signers and the number of signatures required on checks in excess of specified dollar amounts.			
E	19. All expenses of the organization are approved by a designated person before payment is made.			
R	20. The organization has a written policy related to investments.			
R	21. Capital needs are reviewed at least annually, and priorities established.			
R	22. The organization has established a plan identifying actions to take in the event of a reduction or loss in funding.			
R	23. The organization has established, or is actively trying to develop, a reserve of funds to cover at least three months of operating expenses.			
E	24. The organization has suitable insurance coverage that is periodically reviewed to ensure the appropriate levels and types of coverages are in place.			
E	25. Employees, Board members and volunteers who handle cash and investments are bonded to help assure the			

	safeguarding of assets.			
E	26. The organization files IRS form 990's in a timely basis within prescribed timelines.			
R	27. The organization reviews income annually to determine and report unrelated business income to the IRS.			
R	28. The organization has an annual, independent audit of their financial statements, prepared by a certified public accountant.			
R	29. In addition to the audit, the CPA prepares a management letter containing recommendations for improvements in the financial operations of the organization.			
R	30. The Board of Directors, or an appropriate committee, is responsible for soliciting bids, interviewing auditors and hiring an auditor for the organization.			
R	31. The Board of Directors, or an appropriate committee, reviews and approves the audit report and management letter and with staff input and support, institutes any necessary changes.			
E	32. The audit, or an organization prepared annual report, which includes financial statements, is made available to service recipients, volunteers, contributors, funders and other interested parties.			
A	33. Training is made available for board and appropriate staff on relevant accounting topics and all appropriate persons are encouraged to participate in various training opportunities.			
Indicators ratings: E=essential; R=recommended; A=additional to strengthen organizational activities				

General Fundraising

Rating *	Indicator	Met	Needs Work	N/A
E	1. Funds are raised in an ethical manner for activities consistent with the organization's mission and plan.			
E	2. The Board of Directors and organization staff are knowledgeable about the fundraising process and the roles in the organization.			
E	3. The organization's Board of Directors has established a committee charged with developing, evaluating and reviewing fundraising policies, practices and goals.			
E	4. The committee is actively involved in the fundraising process and works to involve others in these activities.			
R	5. The Board of Directors, Chief Executive Officer/Executive Director and committee supports and participates in the total fundraising process, including project identification, cultivation, solicitation and recognition.			
R	6. The fundraising program is staffed and funded at a level consistent with fundraising expectations.			
A	7. There is direct communications and relationship between information services or marketing, accounting and other administration support functions to assist in the fundraising needs and efforts.			
E	8. The organization is accountable to donors and other key constituencies and demonstrates their stewardship through annual reports.			
Indicators ratings: E=essential; R=recommended; A=additional to strengthen organizational activities				

Using an Outside Fundraiser

Rating *	Indicator	Met	Needs Work	N/A
A	9. The organization meets the nonprofit standards of the state charities review council (if one exists in the state, e.g., the Minnesota Charities Review Council provides standards for Minnesota's charitable nonprofits).			
R	10. If the organization chooses to use outside professional fundraisers, several competitive bids are solicited. Each prospective outside fundraiser's background and references are checked.			
E	11. The organization makes legal, mutually agreed upon, signed statements with outside professional fundraisers, outline each parties' responsibilities and duties, specifying how the contributed funds will be physically handled, and to guarantee that the fees to be paid are reasonable and fair.			
E	12. The organization has verified that the contracted fundraiser is registered as a professional fundraiser with the Attorney General and all filings necessary have been made before the work commences. (Registration requirements are dependent on state requirements.)			
E	13. The fundraising committee or appropriate representatives from the Board of Directors reviews all prospective proposals with outside professional fundraiser and reviews and accepts all agreements before they are signed.			
R	14. If the outside professional fundraiser plans to contact potential donors directly, the organization must review the fundraising materials (e.g., public service announcements, print or broadcast advertisements, telemarketing scripts, pledge statements, brochures, letters, etc.) to verify their accuracy and to ensure that the public disclosure requirements have been met.			
E	15. The organization properly reports all required information regarding use of outside professional fundraisers, amount of funds raised and the related fundraising expenses as required by state and federal governments. The gross amount of funds raised by the			

	contracted fundraiser is reported on the organization's financial statement. The fees and costs of the campaign must be reported on the Statement of Functional Expenses.			
Indicators ratings: E=essential; R=recommended; A=additional to strengthen organizational activities				

Chapter 10 Case Study

Case Study

**The Gazette
Cedar Rapids Iowa
Sunday January 14, 2007**

What went wrong here?

Former leaders weigh in on current struggle

**Janet Rorholm
The Gazette**

CEDAR RAPIDS —As the Science Station McLeod/Busse IMAX Dome Theatre regroups, previous Science Station leaders say they did everything they could to make the hands-on science and technology center succeed.

Much blame for the nonprofit's financial problems has been directed at its Board of Directors that served over the last few years. But several former Board members who agreed to talk to The Gazette believe that blame is misplaced.

"I think the Board always has to assume responsibility, but I think the Board worked really hard and tried to do the right thing... Were we perfect? No," said Carol Lensing, a six-year Science Station Board member whose term ended in September. Lensing is a former Anamosa school superintendent and Cedar Rapids school administrator.

Science Station officials announced in October that the hands-on science and technology center and IMAX theatre at 427 First St. SE, struggling under \$1.3 million in debt, would close Nov. 15 without a community-wide bailout. The nonprofit has since received a short reprieve. An unspecified amount of money has been raised from local businesses and individuals to cover day-to-day operations through the end of January.

Board President Dan Thies and other Board members are trying to raise enough funds to pay off the debt and help the Science Station go forward on firmer financial footing. Last week, Cedar Rapids City Council members said they expected to give the Science Station \$100,000.

Former leaders said the IMAX has been the organization's biggest hurdle, especially debt that was created when fundraising to build the theater fell short after it was built in 2001. Nearly half of the \$750,000 IMAX debt was from pledges made that never materialized.

Lensing praised the IMAX but said it is an expensive venue because of the royalties and fees it pays to IMAX for the brand... Those totaled about \$260,000 in fiscal 2005, according to Internal Revenue Service tax forms.

It costs about \$25,000 just to play an IMAX film because of the fees.

Lensing also said admissions fell short of what was projected when the IMAX was built.

Former Science Station Chief Executive Officer/Executive Director Ganesh Ganpat, who led the fundraising campaign to build the IMAX, said he was surprised to hear about the Science Station's financial problems. Ganpat was director from November of 1996 to June of 2002. He now is Chief Executive Officer/Executive Director of the Des Moines Area Community College Foundation.

"When I learned the news...it just broke my heart," he said.

He also said he was surprised to learn that IMAX fundraising is being blamed as part of the problem.

He said the Science Station exceeded its fundraising goal in 2001 to build the IMAX. Originally, the campaign was for \$6 million but it raised \$7.3 million, according to Gazette archives that quoted Ganpat as saying the project came in on budget and on time. Ganpat noted that many of those IMAX pledges were to come in over two to five years. Then the economy took a hit with the 9/11 attacks and the tanking of McLeod stock, which likely affected pledges.

Ganpat left in June of 2002, more than a year after the IMAX opened.

“I left the organization with a comprehensive five-year business plan that projected conservative museum attendance, and how to generate revenue through several income sources. ... The plan also called for tight monitoring of expenses. Under my leadership from December of 1996 to June of 2002, the museum operated in the black,” Ganpat said.

IRS tax forms show Science Station admission revenues dropped 47 percent from \$900,044 in fiscal 2002 to \$480,098 in fiscal 2005, the most recent data available.

That’s well below the \$750,000 in admissions Ganpat projected when the IMAX opened

In the year before IMAX’s opening, the Science Station had about 100,000 visitors. Attendance soared to 225,000 in the first year after the IMAX opened but continued to drop in subsequent years, hitting a six-year low of 85,574 in fiscal 2006.

“Admissions were sliding when I took over and I tried to turn that around by changing exhibits and being more aggressive at fundraising,” said Joe Nolte, who served as Science Station’s Chief Executive Officer/Executive Director between October of 2002 and September of 2004. Nolte now is Director of Operations at the African American Museum and Cultural Center of Iowa.

Nolte said it’s important to remember that building the IMAX was a risk.

We overestimated the number of people who would come in the door, which the budget was built around, so we had to adjust, and we had to adjust and adjust,” he said. “It’s not anybody’s fault. The economy has a lot more to do with it.”

Dave Parmley, who served two years on the Board between July of 2004 and October of 2006, when Board members submitted their resignations in order to regroup, said Science Station official thought the IMAX would bring in money, not lose it.

He believes the Cedar Rapids IMAX attendance has been hurt by increased entertainment competition and other Iowa IMAX theaters. Davenport opened an IMAX within weeks of the Cedar Rapids IMAX and has had financial problems as well. The Des Moines IMAX opened in 2005 and is still riding high from its opening, which is part of a new, larger Science Center of Iowa. A fourth large-format theater, similar to an IMAX, is being proposed in Dubuque as part of a \$27 million National Mississippi River Museum & Aquarium expansion.

Corporate IMAX strategy to saturate areas with IMAX theaters goes directly against what Science Station officials originally thought would be a unique destination in the region, Parmley said.

Crack in financial oversight

Several former Board members agreed that another problem for the Science Station has been revolving leadership. Since construction of the IMAX in 2002, the Science Station had had five Chief Executive Officer/Executive Directors, two of which were interim directors.

“Any time you change leadership, it’s challenging,” Lensing said.

That transition along with staff cuts may have created a crack in financial oversight that could have allowed a theft of about \$313,000 to happen, former Board members said. Nancy Listman of Watkins was arrested in February of 2005 and charged with theft between May of 2002 and July of 2004 from the Science Station.

Former and current Board members refused to comment on the embezzlement case, which is still pending.

A discrepancy in the Science Station’s finances was first detected by staff at Clifton Gunderson LLP while conducting an audit for the organization, said Dan Koskamp senior manager at Clifton Gunderson.

“The audit process caught it, but unfortunately a lot of time had passed, and the audit kept getting dragged out. We were waiting for info that never came,” Koskamp said.

As a result, a full audit never was completed.

Koskamp said auditors told Science Station officials about the problems and possible theft but worry they didn't stress it enough.

"As we look back, we wish we would have said it louder and in writing to more than the Chief Executive Officer/Executive Director and the finance committee," Koskamp said.

Thies confirmed that an audit had not been done every year by the Board.

"Essentially we worked with an accountant every year. Did we get an audit every year? Not necessarily, but we got reports prepared for us every year," he said.

Ganpat said an audit was done every year he was in charge.

Pamley, who served as treasurer of the Board after the theft surfaced, said the Board made sure it had an audit done during his tenure. He noted that the theft gave the already struggling Science Station more trouble.

"You've already got this ship taking on water and then you get a torpedo in the side," he said.

Donation, fundraising fall

Parmley said the Science Station's financial situation got so bad that the organization didn't have money to pay for supplies like toilet paper. He said Board members were writing personal checks on behalf of the Science Station to buy supplies and even pay employee salaries during the past year.

"I don't know any Board that met more than we did," he said.

Science Station officials said Listman's arrest shook community confidence in the organization and led to decline in donations. IRS tax forms show the Science Station took in nearly \$11.3 million in donations

in fiscal 2002. Donations dropped to about \$790,000 in fiscal 2003 and \$780,000 in fiscal 2004 before sinking to \$228,000 in fiscal 2005. Some of the decline was the result of fulfilled IMAX construction pledges that were to come in over multiple years.

The Science Station operated in the red the last two years. It lost \$350,000 in fiscal 2005 and closed the books on fiscal 2006 with a \$150,000 loss. The losses stem largely from decreased admissions and donations. Its operational budget is about \$1.1 million.

Despite its financial woes, the Board made little effort to raise funds in fiscal 2005. Donors weren't receptive, former Board members said. The Board instead worked on trying to regroup and improve the Science Station. The Board focused on hiring a new executive, renegotiating the IMAX contract and reducing IMAX restrictions on sponsorship of films, fixing broken exhibits, shoring up financial controls and getting an audit done, as well as bringing in new exhibits and creating a new business plan and cutting staff and other expenses.

The idea was that once these things were in place, the Science Station could then go to potential donors with confidence, showing they had taken these actions to improve the Science Station, Parmley said.

Science Station Officials couldn't turn to its endowment or cash reserves to defray operation costs. Those already had been depleted.

Nolte said the Science Station's endowment and cash reserves were "tapped to offset things while we were trying to reverse the trend" of declining admissions.

"When I left, there was a small cash reserve, but not a true endowment," he said.

No one seems to know just how much the Science Station had accumulated in an endowment. Ganpat said he thought there was between \$200,000 and \$250,000 when he left. An October of 2001 Gazette article about a campaign to raise 1 million dimes, or \$100,000, for the endowment said the Science Station already had \$285,000 in an

endowment. In November of 2005, it reported \$30,000 in an endowment.

Trying to regroup

In the last couple of years, former Board members said they tried lots of things to boost revenues and interest in the Science Station. The Science Station added a concession stand and expanded its store, which proved successful in boosting revenue.

The Board tried to run multiple films at once to try and bring in more visitors, which Lensing said also helped somewhat.

Science Station officials also brought in students for roundtable discussions about what they liked and didn't like and what they wanted to see at the Science Station. It also increased the number of summer camps, which are consistently full.

But at the same time, officials cut the marketing budget by 88 percent between 2002 and 2005 to make ends meet.

"We had some great films and exhibits, but we were not able to tell people about them," said Joe Hastings, who was Chief Executive Officer/Executive Director from October of 2005 to October of 2006.

Science Station officials tried last year to garner community support quietly for months and raise money to retire its mounting debt with no success. The city of Cedar Rapids, the Linn County Board of Supervisors and about 100 community leaders including individuals and corporations were approached, Science Station officials said.

Even after the Gazette first wrote about the Science Station's financial woes in May of 2006, donors held back. It wasn't until the Science Station announced in the fall that it would have to close without a community-wide bailout that a public fundraising campaign was mounted.

Just how much money the Science Station needs to raise remains in question. Most believe that the \$1.3 million to retire the debt isn't going to be enough.

Former Board members believe the Science Station must buy the building it now rents and establish an endowment that would help pay the costs of bringing in more top-notch exhibits to boost attendance as well as continuing donor support.

Former director Ganpat remains hopeful that the new Science Station Board and the community will be able to save the Science Station and IMAX.

“The impact the Science Station has made with education, entertainment, community development and economic impact to Eastern Iowa has been significant. I hope and pray the museum can reorganize, execute the original business plan and fulfill its mission.”

This nonprofit faced many difficult events. Many of them are not uncommon to what our Councils face. The Community did come to their financial aid and the Science Center continues to work to fulfill its mission. Perhaps their trials and eventual success will be of value to our Councils and their efforts to govern their works.

Appendix A

Procedures for Consensus Decision Making for Larger Councils and Conferences

Present resolution - One speaker makes case for the proposal – 3 minutes

Trial Poll to Test Consensus

Ask to stand in this order: strongly in favor, in favor but would like to improve, in favor but failure would not be harmful. Ask all to sit.

Ask all opposed to stand, then ask those who can accept if passed to sit, those who could accept if a few changes were made sit, those left are strongly opposed regardless of modifications

Explore Objections

Presentations of 2 minutes, from 2 are people strongly opposed regardless of modifications proposed.

Propose Modifications

Ask for proposals for modifications – starts with 2 speakers allow 2 minutes each.

Form an amendment from proposals (chair with resolution spokesperson).

Ask – “Does this modification improve the resolution?”

Invite no more than 2 speakers to explain why the modification might not improve the resolution.

Poll body straight up or down on each modification

Poll to test consent to the final modified proposal (consent not necessarily agree).

Affirm the proposal - Have members stand and stay standing by categories below:

- I strongly favor the proposal as it now stands and believe **it would be a mistake to reject it.**
- I largely favor the proposal but believe a few changes **would make it better.**
- I find the proposal **acceptable** as it stands but believe **failure would not harm the organization.**
- I do not support the proposal, but I can **accept** it as it stands **if it is the will of most members** of the organization.

(Count the total standing. Then have all sit.)

Deny the proposal - ask to stand and stay standing in this order:

- I am strongly against the proposal and believe it is in the interest of the organization to reject it.
- I do not support the proposal but with a few changes I would be able to put my objections aside.
- I do not support the proposal, but I can accept it as it stands if it is the will of most members of the organization.
- I find the proposal acceptable as it stands but do not believe failure would harm the organization.

(Count the total standing. Then have all sit.)

Concluding Process – Voting process to determine if Resolution approved or not approved

If either grouping has over a two thirds majority, move to formally establish the consensus of the body.

(Note: it is understood that one may consent but not necessarily agree.)

If affirming the proposal has two thirds

(regardless of the possibility of the objection also having two thirds) the following motions is presented:

“The Council has determined that there is consensus to accept the resolution.”

– determined by a majority vote.

If there are two thirds consenting only to reject the proposal then the following motion is presented:

“The Council has determined that there is not a consensus to accept the resolution.”

– determined by a majority vote.

This will constitute the vote to approve or reject a resolution. Occasionally the resolution should be referred-back to committee to allow them to incorporate the modifications appropriately.

Concluding process explained: The final vote will always result in a decision to which at least two thirds of the group is able to give consent. In the case of both groups having two thirds of the vote in the poll it indicates both have that potential and the deciding difference will be the preference of the members who have indicated that they can accept the proposal regardless of the final outcome.

Testing Consensus

I strongly favor the proposal as it now stands and believe
it would be a mistake to reject it.

I largely favor the proposal
but believe a few changes **would make it better.**

I find the proposal **acceptable** as it stands but believe
failure would not harm the organization.

I do not support the proposal, but I can **accept** it as it stands
if it is the will of most members of the organization.

I do not support the proposal but with a few changes
I would be able to put my objections aside.

I am strongly against the proposal and believe it is
in the interest of the organization to reject the proposal.

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Robert’s Rules of Order Newly Revised 11th Edition



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