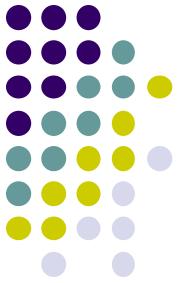


Board Orientation

Illinois Land Improvement Contractors Association, Inc.



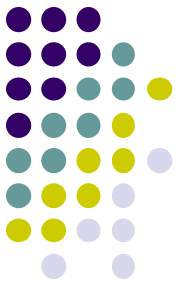
Purpose of Board Orientation



To Understand

- Governance Purpose & Documents
- Relations of Board, Committees, Staff
- Culture of Trust
- Fiduciary Duties
- Board Purpose, Responsibilities, & Meetings
- Risk Awareness/Avoidance

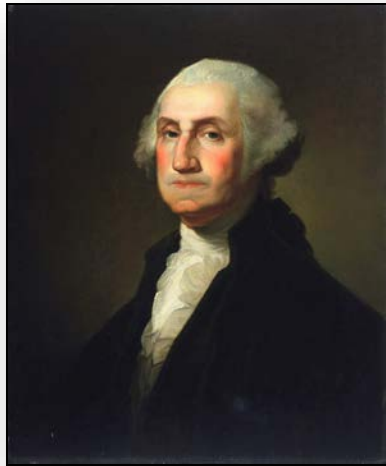
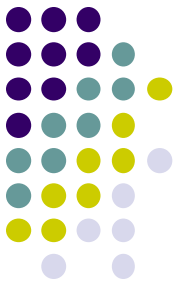




Governance in Nonprofits



Governance



Winning is easy - governing is hard.

George Washington



*Management is doing things right.
Leadership is doing the right things.*

Peter Drucker 



Nonprofits in America

- More than 1.5 million nonprofits in USA
- Every nonprofit has:
 - Volunteer Board of Directors
 - Mission Statement (purpose for existence)
- Average board size is 15 persons

*(There is no correlation between board size and good governance.
The IRS suggests a board size that allows for meaningful conversations.)*



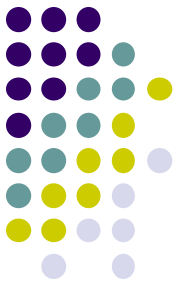


Common Myths

These are myths often heard from board members:

- We can't lobby.
- We can't make a profit (excess revenue).
- We can't have a savings reserve.
- Our records (or meetings) are open to the public.





Exempt Status - IRS

- The IRS grants authority for exemption from paying federal income tax.
- There are 29 IRS designations; the most common:
 - 501(c)(3) – **Foundation**; contributions are charitable deductions.
 - 501(c)(6) – **Business league**, association, chamber; contributions and payments considered business expenses.



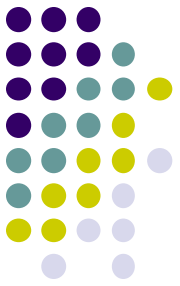



Not-for-Profit Status

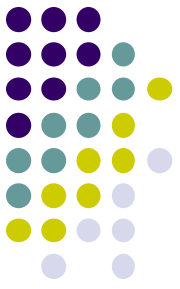
- Not-for-Profit is a designation; it should not influence how the organization does business.
- The state in which the organization is registered grants not-for-profit status.
- Authority is granted by the state to the board to govern in accordance with law.



The Governing Documents



1. **Mission** – Statement submitted to the IRS
(supplemented with vision and values statements)
2. **Articles of Incorporation** – Authority from state government
3. **Bylaws** – Relationship between Board and membership
4. **Policies** – Wisdom passed along from prior Boards
5. **Strategic Plan** – Roadmap for the Board 



Mission Statement

- To promote, perpetuate, and improve the proper use of our renewable natural resources for the benefit of all



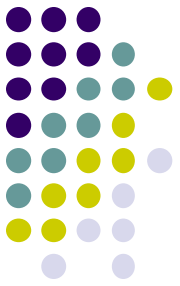


Objectives

- Encourage high standards of workmanship in resource management & land improvement
- Provide contractors education on the newest technology, practices, standards, regulation, and legislation impacting the industry
- Give contractors the necessary business resources and tools to provide their companies growth, sustainability, and adequate income

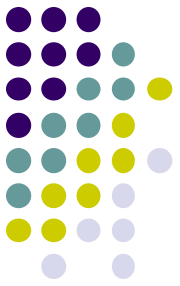


Values Common to Good Governance



- Accountability
- Transparency
- Responsiveness
- Participation
- Respect (ideas and people)
- Integrity
- Effectiveness





Board/Staff Relationship



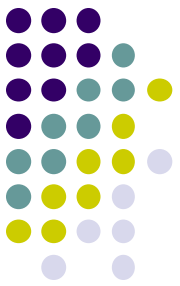


The Partnership

- It requires a partnership between board and staff to advance the mission and goals
- Understanding and respecting the distinct roles and responsibilities is key



Remember the Adage

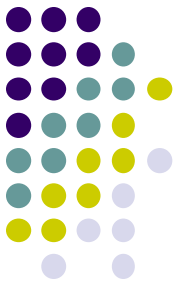


Govern More - Manage Less!

**BOARD GOVERNS
STAFF MANAGES**



Board Purpose: Governance



All corporations have a board of directors. Its primary purpose includes:

- Governance of the organization (*not management*)
- Set a strategic direction (*strategic plan*)
- Set policies and positions
- Protect assets
- Represent stakeholder/member interests
- Fiduciary responsibilities





2026 Roster of the Board



- **Area 1:** Brian Brooks
LaVerne Weber
Alt.: Jason Beyers
- **Area 2:** Stuart Anderson
Stuart Anderson
- **Area 3:** Joe Streitmatter
Grant Curtis
Alt.: Wayne Litwiller
- **Area 4:** David Kennedy
Lee Bunting
*Alt.: Ron Masching,
Don Bunting*



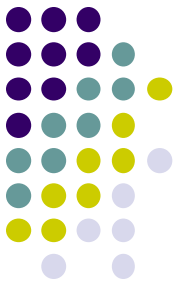


2026 Roster of the Board



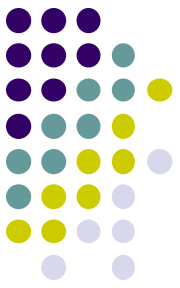
- **Area 5:** Rick Maguire
Earl Mast
- **Area 6:** Bill Dean
Scott Day
*Alt.: Justin Cole,
Jason Winings*
- **Area 7:** John Barttelbort
- **Area 8:** Tom Beyers
Tyler Seals
- **Associate:** Amber Bosma, Prins I
*Alt.: Becca Scott, ADS,
Kyle Dentino, Prinsco*

Staff Purpose: Management



- Execute the decisions of the Board
- Support volunteer efforts
- Administer daily details
- Monitor and report on progress
- Manage organizational affairs, personnel and property
- Complete official filings as necessary





Roster of Staff/Departments



- Ryan Arch (FT)
 - Executive Director
 - Executive Secretary
 - Since January 2016

- Michelle Gillespie (PT)
 - Administrative Assistant
 - Since December 2019



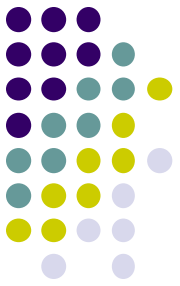


Leadership Team

The partnership includes the board (governance) and professional staff (management.)

Both are on the leadership team.





Committee Relations



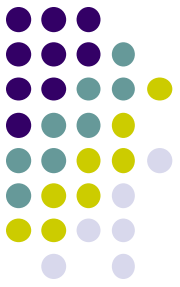
Committees



- **Standing Committees** – Identified in the bylaws, serving duration of board term.
 - Associate
 - Auditing
 - Awards
 - Budget
 - By-Laws
 - Certification
 - Certification Board
 - Convention
 - Devotions
 - Education
 - Executive
 - Golf Outing
 - Headquarters
 - Industrial & Business Relations
 - Insurance
 - Ladies
 - Legislative
 - Long Term Planning
 - Membership
 - Nomination
 - On-Site Waste
 - Picnic
 - Safety
 - Show & Other Income



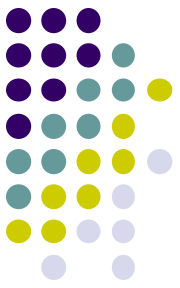
Committees



- **Task Forces** – Appointed for short term, quick action assignments

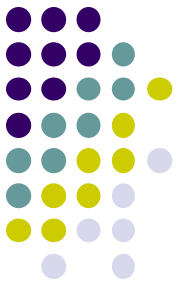


Committee Purpose: Dynamics



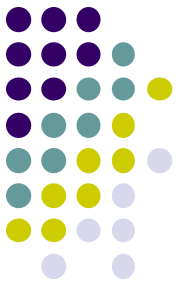
- 1) Supplement the work of board and staff
- 2) Engage members and identify future leaders
- 3) No authority to act on behalf of board or organization
- 4) Produce results advancing elements of the strategic plan
- 5) Specific purpose statement and current year charges
- 6) Supported by liaisons from board and/or staff
- 7) Meet performance measures





Culture of Trust

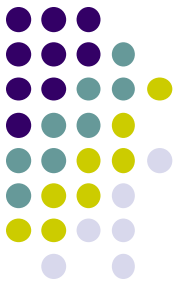




Culture of Trust

- Embrace the guiding values & objectives
- Represent members' interests
- Be accountable for commitments
- Demonstrate loyalty
- Respect people and ideas
- Support Board decisions
- Maintain confidentiality
- Leave management to the staff





Fiduciary Duties





Fiduciary Duties

- **Duty of Care**

- Good business judgment at all times
- Due diligence in decision making
- Ask the right questions

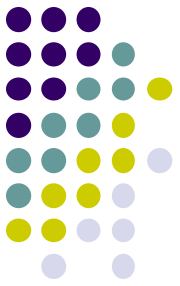
- **Duty of Loyalty**

- Act in best interest of organization and membership
- Avoid conflicts of interest and personal interests

- **Duty of Obedience**

- Faithful to the mission and goals
- Follow the governing documents & applicable laws

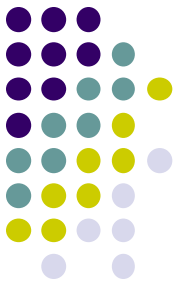




Board Responsibilities



Purpose of a Corporate Board



- Establish long-term strategic plan (3-5 years) and shorter-term priorities to achieve
- Determine association policy and positions
- Monitor resources through budget process
- Ensure progress
- Promote the organization (as authorized)
- Maintain relationships with executive director attorney and CPA

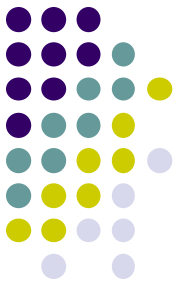


Expectations of Board Members

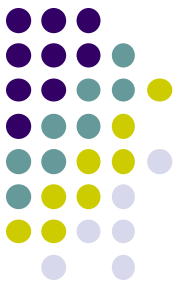


- Attend all board meetings
- Start & end meetings on time
- Study & understand the mission statement, bylaws, and strategic plan
- Prepare by reviewing the agenda & supporting documents
- Stick to established agendas
- Treat information & discussions as “confidential”
- Be respectful of people and ideas

Expectations of Board Members



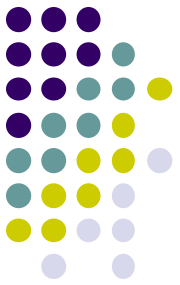
- Promote our organization to others (*though you cannot speak for organization without authority*)
- Recruit future leaders
- Stay current on issues and trends impacting the organization and the membership
- Volunteer for committees and other activities
- Communicate with staff for needed information and assistance




The Executive Committee

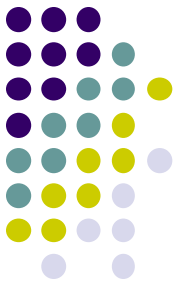
- Authorized by the bylaws to make time-sensitive decisions between meetings of the board
 - ILICA Executive Committee: President, Vice President, First Vice President, Executive Director, Past President
- Should not usurp authority of the board
- Actions are reported to the full board





Financial Oversight

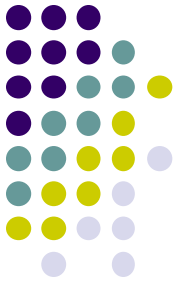
- Protect all assets
- Development and approval of annual budget
- Review and "acceptance" of financial reports
- Ensure safeguards & an audit process in place
- Review of IRS Form 990 prior to submission 



Recruiting Leaders

- Identify and develop future leaders
- Ask prospective leaders to serve or observe
 - Nominating, or Leadership Development Committee, plays a key role, as does every board member
- Provide education for future & evolving leaders
- Create the ideal leadership experience

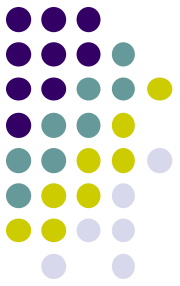




Board Meetings

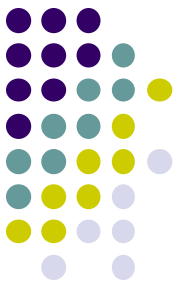


Suggested Meeting Ground Rules



- Come prepared
- Have fun, relax
- Open to ideas and learning
- Ask questions
- Your role is as a Director (not personal)
- Envision the future (long-term)
- Respect people and ideas
- Arrive and end on time

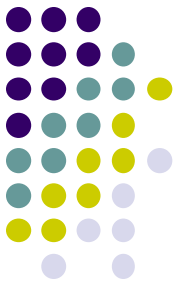




Board Meetings

- Purpose is to conduct board business (*not to perform committee or staff level work*).
- Average frequency is quarterly in organizations. (*Be sure there is reason to meet.*)
- Directors are expected to attend duly called meetings.
- Directors prepare for meetings, ready to make knowledge-based decisions.
- Identify how & when to offer input to the agenda development.





Developing the Agenda

- Prepared in collaboration between chief elected and chief staff positions
- To suggest items during agenda development identify the process and protocols
- Agendas and all supporting documents sent in advance so directors can prepare





Preparation

- Directors are expected to prepare for board meetings.
- Information will be provided with the agenda.
 - *(Some organizations use a “consent agenda” to distribute reports in advance to reduce reading and listening to reports at the meeting.)*
- The agenda is prepared in advance, there are deadlines and processes for adding items to the agenda.
- Questions regarding the agenda and meeting should be addressed before the meeting convenes.



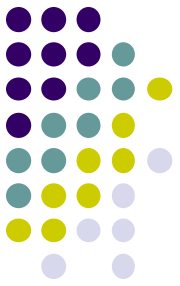


Conflicts of Interest

- The IRS expects directors to disclose conflicts of interest at least annually, as well as regularly and consistently.
- The policy is suggested by the IRS.



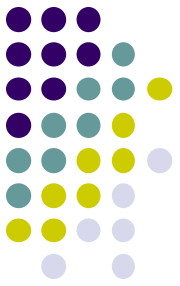
Confidentiality



- Meetings are a safe place for open discussions without fear of information leaking.
- Directors have authority from gavel to gavel, but they do not speak for the organization unless so specifically asked or designated.
- Do not usurp the chief elected officer's authority to speak for the organization.

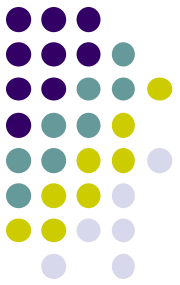


Measuring Performance



- Everything can be measured.
- When recommendations come before the board be ready to ask, "*How will we measure and evaluate whether or not it is successful?*"
- Integrate performance metrics into recommendations and motions.





Board Performance

- Make time annually to discuss board performance.
- How can the board experience be improved?

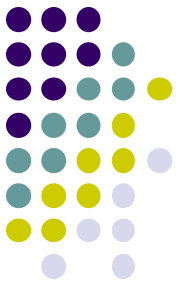
BOARD

EVALUATION

Board evaluation is an approach to improving *governance* --- with the intent to maintain a high performing board. The chief elected officer (not staff) leads the process. Input will be treated with confidence.

Indicate your understanding of and offer recommendations for these governance aspects.	Very Comfortable	Somewhat Comfortable	Somewhat Uncomfortable	Very Uncomfortable	Not Sure N/A
Mission and Strategic Direction					
1. Board efforts advance the mission, vision, values and goals.					
2. The strategic plan portrays an image of the organization in 3, 5 or 10 years.					
3. Meetings and agendas are organized to achieve the mission and goals (and avoid operating matters.)					
Comments:					
Governing Documents					
4. Board understands and upholds all governing documents.					
5. Policies are adopted and followed to guide current and future leaders.					
Comments:					
Leadership, Succession and Transparency¹					
6. Board selection process is transparent and ensures leadership succession.					
7. Board orientation and self-assessment is sufficient.					
8. New ideas and people are respected.					
Comments:					
Budgeting, Finances and Infrastructure					
9. Board adopts annual budget and is engaged in monitoring finances.					
10. Reserves/savings and investment strategies are appropriate.					
11. Financial reports are clear, accurate and timely.					
12. Annual audit and auditor's recommendations are reviewed.					

¹ Organizational transparency promotes awareness of governance, initiatives and structure amongst members and stakeholders.



Meeting Minutes

- Minutes are a record of the actions of the board.
- They are not a record of conversations, notes or a newsletter for members.
- Minutes are treated with confidentiality.
- Audio recordings are discouraged and should not be retained.





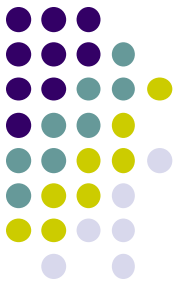
Rules of Order

Rules ensure orderly meetings and a focus on advancing the board agenda. In general:

- 1) Majority rule
- 2) Dissent or opposition may be heard and noted if requested.
- 3) Ask the chief elected officer to be recognized.
- 4) Only one main motion heard at a time.
- 5) Roberts' Rules or another form will be adopted to guide the board.
- 6) After the meeting, all directors support the decision of the board.

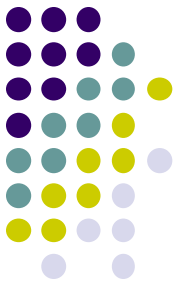


Guests at a Board Meeting



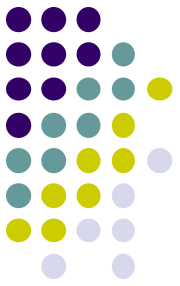
- A respected organizational principle is transparency. There are many ways to be transparent, such as allowing guests to attend board meetings.
- It is important to have a policy and protocol for guests. For example, confidentiality, right to speak, no voting, and respecting the board's need to go into executive or close-door session.





Risk Awareness





Protecting the Board

Five ways boards may be protected from risk and liability.

- 1) Orientation: understanding responsibilities and governing documents
- 2) D & O Liability Insurance
- 3) Corporate Veil
- 4) Indemnification
- 5) Voluntary Immunity





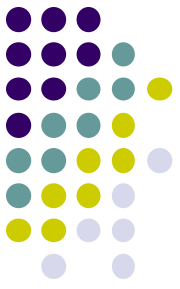
Risk Management

Some risks the board should be aware and avoid:

- Copyright violations
- Discrimination
- Harassment
- Embezzlement
- Required filings and reporting
- Labor law compliance
- Personal and property injury
- Antitrust
- Targeted scams (email cloning)



Risk Management – Antitrust



- Antitrust avoidance statement on file & annual acknowledgements from each board member.
- Every staff, board, & committee member should be aware of the policy and take immediate action in any setting where a violation is occurring.
 - Most common threat is discussions of price-setting among competitors that could be interpreted as an effort to restrict trade.
- Staff monitors on-line discussions & meetings for potential violations.
- **Up to \$10 million fine + damages + jail.**



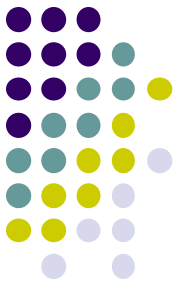


Public Records

- Most nonprofits are private corporations. It is erroneous to believe they fall under open record or Freedom of Information Act (FOIA) requests.
- Compliance is expected with public records request of board or staff. Public records include:
 - IRS Letter of Designation
 - IRS Form 990 (last 3 years)
 - IRS Form 1024 or 1023 (the application to requesting exemption)



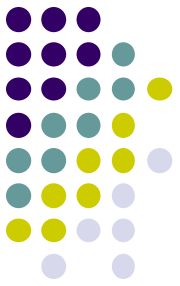
Risk Management – IRS Issues



- IRS Issues
 - Increasing scrutiny of boards and staff
 - Unrelated Business Income Tax (UBIT)
 - 990s is public information
 - Policy considerations
 - Whistle Blower
 - Audit
 - Conflict of Interest
 - Record Retention
 - Compensation



Risk Management – Who Speaks?




- **Apparent Authority** – Care should be taken that committee chairs or other volunteers not usurp the authority of the chief elected officer or take on authority not specifically delegated.
- *“I can’t speak for the Board, but I can offer my personal opinion.”*

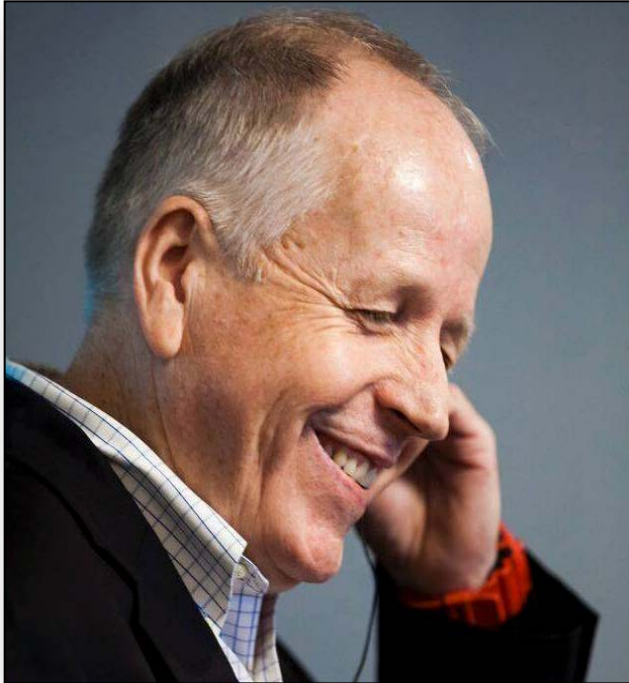
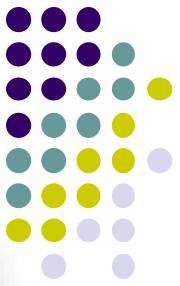




Summary

- The board experience should be positive.
- The board is the caretaker of the organization.
- The board speaks as a whole (through the chief elected officer or a designee).
- Directors should apply their business acumen.
- Directors are perceived as representing the organization.
- Staff is the resource to the board to execute the strategic plan.
- Please offer ideas to improve board and governance. 
- **Thank you for serving on the board!**

Contributions by:



Bob Harris, CAE
bob@rchcae.com



William Pawlucy, CAE
wpawlucy@AssociationOptions.com

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