

# *Club Leadership & Business Management School*

## **Participant Handouts**

**CLUB LEADERSHIP AND BUSINESS MANAGEMENT SCHOOL  
PARTICIPANT HANDOUTS**

**Table of Contents**

**Introduction**

So You Want to Start a New Club .....4

**Unit One: The Basics for All Clubs**

**I. Mission and Structures:**

How to Write a Mission Statement .....5-6  
Business Insurance for Teams.....7-8  
Important Legal Issues for Swim Clubs.....9  
Comparison of 501c3 Organizations.....10  
Table of Reminders for Registering a Nonprofit .....11  
Bylaws Checklist.....12  
Checklist for Going into Business .....13-14  
Financial Considerations for New Businesses (SBA).....15-18  
Swim Club Organizational Models.....19-20  
FAQs in Club Financial Areas .....21  
Independent Contractor or Employee?.....22-23

**II. Finances, Fundraising and Budgeting**

Fiduciary Responsibility .....24  
Nonprofit Financial Statements .....25-26  
Nonprofit Public Disclosure Requirements .....27-28  
Ten Key Financial Questions .....29  
Assessing the Board's Understanding of Financial Oversight.....30  
Considerations When Creating a Budget .....31  
Sample Budget .....32-33  
Successful Fundraising-What it Takes.....34

**III. Evaluation and Assessment**

Evaluation Checklist for Club Assessment .....35  
Evaluating the Head Coach .....36  
Key Questions for Assessing the Head Coach.....37

**Unit Two: Principles of Governance**

**I. Basics for Nonprofit Organizations**

Board Self-Assessment Survey .....38  
Principles of Governance: Key Responsibilities.....39  
Discussion Questions: Principles of Governance .....40-41  
Legal Responsibilities of a Nonprofit Board .....42-43  
Safeguarding Against a Conflict of Interest.....44-45  
Sample Conflict of Interest Policy .....46-47  
Sample Whistleblower Policy .....48-49  
Sample Document Destruction Policy .....50  
Three "Hats" for Board Members .....51  
Ten Basic Responsibilities of Swim Club Boards .....52

USA Swimming Club Leadership and Business Management School  
(Use only with permission)

Creating Policy.....	53
Policy Setting for Boards .....	54
Types of Policies .....	55
Sharing Nonprofit Leadership.....	56
Govern More, Manage Less.....	57
Board/Staff Partnership.....	58-59
Who Does What? .....	60
What If?.....	61
<b>II. Operating the Club Board</b>	
Building the Board Agenda.....	62
Consent Agenda .....	63-64
Sample Consent Agenda .....	65
Minutes Checklist .....	66
Assumptions about the Right Model of Governance .....	67
Responsibilities of the Board Chair .....	67
Leadership Role of the Board Chair.....	68
Meeting Roles .....	69
Other Officer Responsibilities.....	70
Should the Coach be a Voting Board Member?.....	71
Individual Board Member Responsibilities .....	72-73
Structuring Committees .....	74
Common Committees .....	75-76
Tips for Successful Committees .....	77
<b>III. Building the Future Club Board</b>	
The Board Building Cycle .....	78
Cultivating Board Members.....	79
How and Where to Find Board Members .....	80
Benefiting from Diversity .....	81-82
Activating Board Members.....	83
Board Development Committee Task.....	84
Suggested Index for Board Member Handbook .....	84
Board Profile Worksheet.....	85-86
Board Orientation Chart.....	87
Why Hold a Board Retreat.....	88-89

USA Swimming Club Leadership and Business Management School  
(Use only with permission)

**SO YOU WANT TO START A NEW CLUB: KEY QUESTIONS**

Following is a list of questions for you to consider as you move toward establishing a new swim team and organization. This list is meant to be thought provoking and to foster discussion. It is not meant to be a score sheet or survey. Think about and discuss each question with your supporters or founders. If you frequently answer “NO” or “NOT SURE,” you may need to do further research or self-evaluation. Positive answers to these questions may be a good indicator of the potential success of your team.

Questions	Yes	No	Not Sure
1. Will this new club satisfy an unfilled need in your community?			
2. Is demand for swimming greater than the supply in this area?			
3. Are there sufficient interest, population, and talent in this community to support a new swim team?			
4. Will increased competition be good for swimming in this area?			
5. Will our competitors positively receive a new club?			
6. Do I/we know who our members will be?			
7. Will a new program generate new participants in swimming?			
8. Do I/we have a reservoir of community or support group loyalty?			
9. Do I/we have a good, stable facility to use on a consistent basis?			
10. Do I/we have a past track record or image of success?			
11. Can I/we deliver better service than my/our competitors?			
12. Do I/we have the level of technical skills needed?			
13. Do I/we have the necessary organizational skills and experience?			
14. Do I/we have the necessary communication skills and means?			
15. Have I/we determined the organizational structure of the new program?			
16. Have I/we developed a sound business plan and 1 <sup>st</sup> -year budget?			
17. Will I/we have a sufficient volunteer base?			
18. Do I/we have the ability to raise funds?			
19. Do I/we have a support network of legal and financial advisors?			
20. Can we be competitive based on quality, price and location?			
21. Do I/we have a long-term plan and vision for this club?			
22. Have I/we established the purpose, values, & philosophy of the new club?			
23. Are my/our motives purely positive and constructive?			

# Unit One: The Basics for All Clubs

## I. Mission and Structure

### HOW TO DEVELOP A MISSION STATEMENT

#### What is a mission statement?

Every organization has a mission, a purpose, a reason for being. As such, every swim club needs to define its fundamental purpose, philosophy, and values. The mission statement clarifies the essence of club existence. It describes the needs the club was created to fill, explains why the organization exists, and what it hopes to achieve in the future. It articulates the organization's essential nature, its values, and its work.

#### Why have one?

Without guidance, it is difficult to establish boundaries for appropriate course of action. The mission statement provides the basis for evaluating the success of the club and its programs. It helps to verify if the club is on the right track and making the right decisions. It provides direction when the club faces new challenges or opportunities. Attention to mission helps leadership adhere to its primary purpose and helps during conflicts by serving as a touchstone for every decision. A powerful mission statement can also be helpful in attracting volunteers, donors, and community involvement.

#### When should it be reviewed?

It is important to reassess the organization's mission on a regular basis. If it has been more than five years, now is probably a good time to review and, if necessary, fine-tune or even rewrite the mission statement. All too often an organization's mission statement, which has been handed down over the years, loses relevance and ceases to speak to members, staff, board members, or supporters. Frequently, the landscape within which a club operates changes so markedly over a period of time, that the original mission must be updated, altered, or changed dramatically in order to address new realities.

#### Who should create or revise it?

Creating a mission statement is a group effort. Board members, staff, members, alumni and donors can provide valuable input during the creative process. The final wording should be approved by the board or, in the case of another organizational model, the key leaders/owners.

#### What do we do with our mission statement?

The mission statement should be referred to continuously. It should be present everywhere: on the letterhead, all communications, all brochures, and all official documents.

#### How to write a mission statement?

An effective mission statement is concise, to the point, realistic, operational, inspirational, informative, and even emotional. It is forward-thinking, positive, and describes success. An effective mission statement must resonate with the people working in and for the organization, as well as with the different

USA Swimming Club Leadership and Business Management School  
(Use only with permission)

constituencies that the organization hopes to affect. It must express the organization's purpose in a way that inspires commitment, innovation, and courage - not an easy task!

At the very least, your organization's mission statement should answer three key questions:

- 1. What are the opportunities or needs that we exist to address?** (The purpose of the organization)
- 2. What are we doing to address these needs?** (The business of the organization)
- 3. What principles or beliefs guide our work?** (The values of the organization)

You can begin the process of drafting a mission statement by asking staff, volunteers, and constituents to list words, phrases, or ideas that come to mind with respect to the organization and its purpose, business, and values. Give everyone a chance to be heard. Look for language and concepts that enjoy broad consensus.

**Your Mission Statement Should:**

- Express your organization's purpose in a way that inspires support and ongoing commitment.
- Motivate those who are connected to the organization.
- Be articulated in a way that is convincing and easy to grasp.
- Use proactive verbs to describe what you do.
- Be free of jargon.
- Be short enough so that anyone connected to the organization can readily repeat it.

**Sample Swim Club Mission Statements:**

- To have a nationally recognized aquatics program that teaches and trains all levels of swimmers, emphasizing individual progress, team unity and family participation.
- We, the XYZ Swim Club are committed to excellence and dedicated to developing world class citizens and world class athletes.
- The mission of XYZ Aquatic Club is: To protect and promote the mutual interests of its individual members and to encourage development of the athlete's fullest potential.
- To empower young people to be champions in and out of the water for a lifetime.
- The mission of XYZ Aquatic Club is to develop student-athletes who are a credit to society.

References

Rate, Janel M.,(1998) "How to Write a Mission Statement" , *Strategic Communications for Nonprofit Organizations: Seven Steps to Creating a Successful Plan*, Hoboken NJ: Wiley & Sons, Inc.

Grace, Kay Sprinkel. (2003) *The Nonprofit Board's Role in Setting and Advancing Mission*. Boardsource, 2003.

## BUSINESS INSURANCE FOR SWIM TEAMS

One of the benefits of USA Swimming membership (club or individual) is liability insurance coverage which provides protection for the member(s) against claims for bodily injury or property damage. This coverage is only provided for specific USA-S activities, e.g. practices, meets, approved social and fund raising activities.

Additionally, excess accidental medical/dental insurance is provided for USA-S members (athlete and non-athlete). This insurance is intended to reimburse the member for "out of pocket" expenses-deductibles, co-pays-not paid by the member's primary health insurance, for expenses resulting from a swimming related injury.

For a detailed explanation of the insurance coverage provided by USA-S for its members, please refer to the USA-S Insurance Summary. The Summary is sent to each member club annually or it can be found on the USA-S website under the Member Services section.

While the USA-S coverage may provide protection for the club or individual member for USA-S activities, there are various types of other insurance a club, in particular, should consider purchasing in order to fully protect the assets of the organization, its members, and its employees.

Following is a brief description of types of insurance to consider:

### Liability

1. Premises liability coverage for those clubs that own their facilities or provide pool management/operations for the facility they lease.
2. Liability coverage for non-USA Swimming activities e.g. Learn-to-Swim, Swim America, water aerobics, and lifeguard training.

3. Products liability coverage for merchandise sales or equipment sales.
4. Employee benefits liability coverage if you have benefits for your employees.

### Property

1. Real Property coverage if the club owns the facility.
2. Boiler & Machinery (mechanical breakdown) coverage for heating/air conditioning units or for the machinery required to operate a pool.
3. Business Personal Property (contents & improvements/betterments) coverage for office equipment and any improvements to the facility including retrofitting, additions for sales inventory, etc.
4. Computer Equipment coverage for hardware, software and media exposures including such things as timing systems.
5. Equipment coverage for miscellaneous items such as lane lines, storage trailers, dryland training equipment (if owned), etc.
6. Business Income/Extra Expense coverage for reimbursement of lost profits and continuing expenses as a result of an insured loss e.g. fire. The Extra Expense coverage would provide reimbursement for the extra cost of having to rent another facility because yours was out of commission as a result of the loss.
7. Inventory coverage for your merchandise or equipment for sale to provide for lost profits in the event of a loss.

### Automobile

1. Owned automobile – liability and physical damage coverage for the owned vehicle.
2. Non-Owned automobile coverage which provides liability protection for the club for non-owned autos (employees, volunteers) used on behalf of the club e.g. employee running errands or volunteer taking athletes to meet.
3. Hired Auto coverage provides liability protection for the club for the use of a rental vehicle by the club or its representative.

USA Swimming Club Leadership and Business Management School  
(Use only with permission)

**Worker's Compensation**

Many states require Worker's Compensation coverage be purchased by an entity with only one part-time employee. Check with your state Worker's Compensation/Industrial Commission to determine what your state requires. Coverage is provided for medical expenses, lost wages and disability resulting from an on-the-job injury.

**Directors & Officers Liability**

Provides protection for the club itself, its directors/officers and its employees for non bodily injury claims resulting from wrongful acts/decisions, e.g. denial of membership.

**Crime**

Employee Dishonesty – provides protection for employee theft. In the case of swim teams, the definition of "employee" should be broadened to include volunteers.

**Home Office**

If you have an office in your home, contact your Homeowner's insurance company to be sure you are adequately covered for the office equipment, computer equipment, and premises liability. This coverage is not automatically included in a standard homeowner's policy.

**Employment Practices Liability**

Provides protection against claims of wrongful termination, sexual harassment and other types of employment practices.

**"Key Person"**

If a certain individual is critical to the continuing operation of your team and business, to the point that operations would cease or have to be dramatically cut back, the team should consider purchasing "key person" life/disability coverage for that individual. This type of insurance is frequently required by banks or government loan programs. The funds provided by this type of insurance would provide continuity for the business during a period of transition.

**Unemployment Insurance Tax**

While not strictly business insurance, businesses are required by each state to pay an unemployment insurance tax. This is required if the team has one or more employees that work for 20 weeks or more or who pay gross wages of \$1500 or more in a calendar year. The taxes are payable at a rate of 2.7% on the first \$8500 in annual wages of an employee.

**It is strongly recommended that teams contact an insurance agent or broker to review the coverages and research appropriate options for the team.**

## IMPORTANT LEGAL ISSUES FOR USA SWIMMING CLUBS

Clubs have certain legal obligations and duties to protect themselves, their members and USA Swimming from financial losses. Listed below are several items the Club must be aware of.

1. **Facility Contracts.** All member Clubs that enter into contracts for the use of facilities owned by others must be careful with regard to the indemnity and hold harmless language that is used. In the insurance overview, there is a section on facility contracts. The italicized language should be reviewed.
2. **Club Organization.** Each Club is an autonomous body organized and operated under the laws of its state. The officers must be in total compliance with the laws of their state. This review would be valuable for protection of the officers and board members as well as the employees of the Club.
3. **Compliance with USA Swimming Rules.** In order to remain in good standing, each Club has a legal obligation to comply with the rules and regulations of USA Swimming. These rules relate to the sanction of meets, proper registration of coaches, implementation of safety programs, compliance with membership requirements and other obligations as set forth in the rules and regulations of USA Swimming. In particular, note that all athletes and all coaches must be USA Swimming members.

### LIABILITY PROVISIONS IN CLUB CONTRACTS

Many USA Swimming Member Clubs are party to a contract with owners of swimming pools, public or private. Almost all USA Swimming Members, including LSCs and the national organization itself, will, at one time or another, enter into contracts for the use of a swimming venue for a meet or other authorized aquatic activity.

Such contracts will also contain language with regard to the tort liability of both parties during

the use of the facility. The owner usually includes indemnification and hold-harmless clauses on liability for bodily injury and property damage resulting from the negligence of the USA Swimming Member, its officers, agents and employees.

It is impossible to avoid such releases or waivers couched in general language. The owners, or their attorneys, will insist on this.

However, it is extremely important that the USA Swimming Member does not sign a contract containing language that indemnifies or exculpates (clears from alleged fault or guilt), the owner from liability for damages resulting from the negligence of the owner or its agents and employees. Such language may or may not be valid in your particular state. If it is, it is usually subject to strict construction.

If you are in doubt, consult an attorney in your own state and at the same time refer him/her to Wells O'Brien, General Counsel for USA Swimming.

**If you see the following language or anything similar to it, consult legal counsel at once before signing the agreement:**

*Club (LSC) agrees to indemnify Owner against all liability loss, or other damage claims or obligations because of or arising out of personal injury or property damage, related to Club's use and occupancy of the premises, including that caused by the negligence of the Owner or its agents or employees.*

USA Swimming Club Leadership and Business Management School  
(Use only with permission)

**COMPARISON OF 501(c) ORGANIZATIONS**

501(c)(3)	501(c)(4)	501(c)(6)	501(c)(7)
Organizational requirement	No requirement (or less stringent)	No requirement (or less stringent)	No requirement (or less stringent)
Assets must be dedicated to charitable purposes	No requirement to dedicate assets	No requirement to dedicate assets	No requirement to dedicate assets
Social activities must be insubstantial	Social activity may be anything less than "primary"	Social activity may be anything less than "primary"	Social activity must be primary; other activities must be less than primary
Legislative activity must be insubstantial, or <20% if election made	No limit on legislative activity as long as it furthers the exempt purpose	No limit on legislative activity as long as it furthers the exempt purpose; legislative expenditures may limit the deductibility of dues	No limit on legislative activity as long as it furthers the exempt purpose
Absolute prohibition against political activity	Political activity permitted, but taxed	Political activity permitted, but taxed	Political activity permitted, but taxed
Must serve public purposes	Can serve community purposes, can be somewhat narrower than (c)(3)	Can serve the business purposes of the members	Serves the social and recreation purposes of members
Donations are deductible as charitable contributions by donors on their tax returns	Donations not deductible as charitable contributions - businesses sometimes deduct as advertising	Donations not deductible as charitable contributions - businesses sometimes deduct as advertising; dues may be deductible as business expense	Donations not deductible as charitable contributions
Eligible for low cost non-profit bulk mailing permit	Not eligible for lowest bulk mail rates	Not eligible for lowest bulk mail rates	Not eligible for lowest bulk mail rates
Must take care to generate enough public support to avoid classification as a private foundation	Not an issue under (c)(4)	Not an issue under (c)(6)	Not an issue under (c)(7)
Exempt from Federal income tax unless the organization has unrelated business income	Exempt from Federal income tax unless the organization has unrelated business income	Exempt from Federal income tax unless the organization has unrelated business income	Exempt from Federal income tax on income derived from members; other income taxed

Taken from the "Club Leadership Development Notebook" a publication from BoardSource. For more information about BoardSource write to 1828 L Street NW, Suite 900, Washington, DC 20036-5114. Telephone (202) 452-6262. Fax: (202) 452-6299, email: [mail@boardsource.org](mailto:mail@boardsource.org), website: <http://www.boardsource.org>. Copyright 2000. Used with permission.

**TABLE OF REMINDERS FOR REGISTERING YOUR NEW NONPROFIT**  
(From Carter MacNamara, "Free Complete Toolkit for Boards"  
<http://www.mapnp.org/library/boards/boards.htm> )

<b>Activity</b>	<b>Description of Activity</b>	<b>Done?</b>
Draft mission statement	Draft a brief mission statement that describes the charitable purpose of your new organization; your board should soon review it during strategic planning and authorize the statement	
Recruit board members	(If you plan to incorporate in your state) recruit at least enough board members to meet state requirements for a corporate board (contact state attorney's office); if you don't plan to incorporate, consider an informal advisory board to help guide you	
Get a lawyer	To help you file articles of incorporation (if you plan to incorporate), application to IRS for tax-exemption (if you plan to seek exemption from federal taxes); you can do most of the work yourself, but at least have a lawyer review the materials before submission; will eventually need special expertise to review personnel policies	
Get banker and bank account	Get a bank account; seek bank that understands needs of new, small nonprofit	
Get accountant	Get an accountant or other finance expert to help you set up basic bookkeeping system; when you get a board treasurer, then he/she can be very helpful in this regard	
Get insurance agent	You may need liability insurance, property insurance, and when you hire staff: worker's compensation, health and life insurance benefits, etc.	
Draft articles of incorporation and get board approval	These specify legal description of your organization and power to the board; you'll need to draft these only if you plan to file for incorporation with your state; the Board should approve the Articles before submission	
Draft bylaws and get board approval	These specify how the board will operate and configure the staff; some states require these; some of this information will be in the Articles if you file Articles; the board should approve the bylaws	
File for incorporation with state	Register for incorporation including submitting your drafted and approved Articles (if you plan to incorporate); may need to submit bylaws, too; also find out what various reports the state wants from nonprofits	
File for federal tax-exempt with IRS	Apply for tax-exempt status (to be exempt from paying federal taxes); board should approve this filing before submission;	
Get state tax exemption from state	Once you get IRS exemption, file for any state tax exemptions	
Get property tax exemption from city	Once you get IRS exemption, file for any state tax exemptions	
Get solicitation license	If you plan to solicit funds, your city may require a solicitation license	
Get mail permit	This permit gives you a discount on bulk mailings	
Get federal employer number	(Do this once you start to hire employees) get federal employer number to withhold income and FICA (once you hire employees)	
Get unemployment insurance	Do this once you start to hire employees	

Taken from the "Club Leadership Development Notebook" a publication from *BoardSource*. For more information about *BoardSource* write to 1828 L Street NW, Suite 900, Washington, DC 20036-5114. Telephone (202) 452-6262. Fax: (202) 452-6299, email: [mail@boardsource.org](mailto:mail@boardsource.org), website: <http://www.boardsource.org>. Copyright 2000. Used with permission.

## BYLAWS CHECKLIST

Bylaws must respond to the legal requirements of the state in which the club was incorporated. Beyond that, however, they can also include unique self-selected guidelines that will help determine the character and function of the club. The bylaws of membership clubs will vary somewhat from those of non-membership clubs.

Bylaws usually include:

- The official name and address of the club
- The club's statement of purpose
- Qualifications of board members and officers
- Board elections and officer elections
- Duties of board members and officers
- Terms and term limits of board members
- Attendance expectations and removal and vacancies of board members
- What constitutes a quorum
- Description of standing committees
- Frequency of meetings
- Annual Meeting
- Indemnification clause
- Bylaw amendment procedure
- Procedure for dissolving the club

From *The Nonprofit Board's Guide to Bylaws: Creating a Framework for Effective Governance* by Kim Arthur Zeitlin and Susan E. Dom. (BoardSource)

## CHECKLIST FOR GOING INTO BUSINESS

“Operating a small business will depend on a practical plan with a solid foundation, dedication and willingness to sacrifice to reach your goal, technical skills, and basic knowledge of management, finance, record keeping and market analysis.”

### 1. Identify your reasons. Check the reasons that apply to you:

- a. Being your own boss. \_\_\_\_\_
- b. Doing what you want when you want to do it. \_\_\_\_\_
- c. Improving your standard of living. \_\_\_\_\_
- d. Boredom with your present situation. \_\_\_\_\_
- e. Having the products or services for which you feel there is a demand. \_\_\_\_\_

### 2. A Self-analysis

#### Personal Characteristics

- a. Are you a leader? \_\_\_\_\_
- b. Do you like to make your own decisions? \_\_\_\_\_
- c. Do others turn to you for help in making decisions? \_\_\_\_\_
- d. Do you enjoy competition? \_\_\_\_\_
- e. Do you have will power and self-discipline? \_\_\_\_\_
- f. Do you plan ahead? \_\_\_\_\_
- g. Do you like people? \_\_\_\_\_
- h. Do you get along well with others? \_\_\_\_\_

#### Personal Conditions

- a. Are you aware that running your own business may require 12-16 hour days, six or seven days per week? \_\_\_\_\_
- b. Do you have the physical stamina to handle the workload and schedule? \_\_\_\_\_
- c. Do you have the emotional strength to withstand the strain? \_\_\_\_\_
- d. Are you prepared, if necessary to temporarily lower your standard of living? \_\_\_\_\_
- e. Is your family prepared to go along with the strains they too must bear? \_\_\_\_\_
- f. Are you prepared to lose your savings? \_\_\_\_\_

#### Personal Skills and Experience

- a. Do you know what basic skills you will need in order to be successful? \_\_\_\_\_
- b. Do you possess those skills? \_\_\_\_\_
- c. Have you ever worked in a managerial or supervisory capacity? \_\_\_\_\_
- d. Have you worked in a business similar to the one you want to start? \_\_\_\_\_
- e. Have you had any business training in school? \_\_\_\_\_
- f. If you discover that you do not have the skills are you willing to delay your plans? \_\_\_\_\_

### 3. Feasibility and Market Analysis

- a. Does your service satisfy an unfilled need? \_\_\_\_\_
- b. Will your service serve an existing market in which demand exceeds supply? \_\_\_\_\_
- c. Will your service be competitive based on quality, price and location? \_\_\_\_\_
- d. Do you know who your customers will be? \_\_\_\_\_
- e. Do you understand their needs and desires? \_\_\_\_\_
- f. Will you be offering something they will buy? \_\_\_\_\_
- g. Will your prices be competitive? \_\_\_\_\_

USA Swimming Club Leadership and Business Management School  
(Use only with permission)

- h. Do you know how your business compares with your competitors? \_\_\_\_\_
- i. Will you be conveniently located? \_\_\_\_\_

**4. Getting Started**

- a. Have you chosen a name? \_\_\_\_\_
- b. Have you chosen to operate as a sole proprietorship, partnership or corporation?  
\_\_\_\_\_
- c. Do you know what licenses or permits you need? \_\_\_\_\_
- d. Do you know the business laws you will have to obey? \_\_\_\_\_
- e. Do you have a lawyer who can advise you and help you with legal papers? \_\_\_\_\_
- f. Are you aware of Federal Tax Code provisions pertaining to small businesses?  
\_\_\_\_\_
- g. Are you aware of federal regulations on withholding taxes and Social Security?  
\_\_\_\_\_
- h. Are you aware of State Workman's Compensation laws? \_\_\_\_\_
- i. Do you have insurance against robbery, fire, vandalism and accident liability?  
\_\_\_\_\_
- j. Are you prepared to maintain complete records of income and expenses payable  
and receivable? \_\_\_\_\_
- k. Have you determined how to handle payroll records tax reports and payments?  
\_\_\_\_\_
- l. Do you know what financial reports should be prepared and how to prepare them?  
\_\_\_\_\_
- m. Do you have an accountant to advise you? \_\_\_\_\_

## FINANCES

A large number of small businesses fail each year. There are a number of reasons for these failures but one of the main reasons is insufficient funds. Too many entrepreneurs try to start and operate a business without sufficient capital (money). To avoid this dilemma you can review your situation by analyzing these three questions:

1. How much money do you have?
2. How much money will you need to start your business?
3. How much money will you need to stay in business?

Use the following chart to answer the first question:

<b>CHART 1: PERSONAL FINANCIAL STATEMENT</b>	
<b>ASSETS</b>	
Cash on hand	_____
Savings account	_____
Stocks, bonds, securities	_____
Accounts/notes receivable	_____
Real estate	_____
Life insurance (cash value)	_____
Automobile/other vehicles	_____
Other liquid assets	_____
<b>TOTAL ASSETS</b>	_____
<b>LIABILITIES</b>	
Accounts payable	_____
Notes payable	_____
Contracts payable	_____
Taxes	_____
Real estate loans	_____
Other liabilities	_____
<b>TOTAL LIABILITIES</b>	_____
<b>NET WORTH</b> (Assets minus Liabilities)	_____

USA Swimming Club Leadership and Business Management School  
(Use only with permission)

Chart 2 will help you answer the second question: How much money will you need to start your business? The chart is for a retail business; items will vary for service construction and manufacturing firms.

<b>CHART 2 - START-UP COST ESTIMATES</b>	
Decorating, remodeling	_____
Fixtures, equipment	_____
Installing fixtures, equipment	_____
Services, supplies	_____
Beginning inventory cost	_____
Legal, professional fees	_____
Licenses, permits	_____
Telephone utility deposits	_____
Insurance	_____
Signs	_____
Advertising for opening	_____
Unanticipated expenses	_____
<b>TOTAL START-UP COSTS</b>	_____

From the moment the door to your new business opens a certain amount of income will undoubtedly come in. However this income should not be projected in your operating expenses. You will need enough money available to cover costs for at least the first three months of operation. The answer to the third question (How much money will you need to stay in business?) must be divided into two parts: immediate costs and future costs. Chart 3 will help you project your operating expenses on a monthly basis.

<b>CHART 3 - EXPENSES FOR ONE MONTH</b>	
Your living costs	_____
Employee wages	_____
Rent	_____
Advertising	_____
Supplies	_____
Utilities	_____
Insurance	_____
Taxes	_____
Maintenance	_____
Delivery/transportation	_____
Miscellaneous	_____
<b>TOTAL EXPENSES</b>	_____

Now multiply the total of Chart 3 by three. This is the amount of cash you will need to cover operating expenses for three months. Deposit this amount in a savings account before opening your business. Use it only for those purposes listed in the above chart because this money will ensure that you will be able to continue in business during the crucial early stages.

By adding the total start-up costs (Chart 2) to the total expenses for three months (three times the total cost on Chart 3) you can learn what the estimated costs will be to start and operate your business for three months. By subtracting the totals of Charts 2 and 3 from the cash available (Chart 1) you can determine the amount of additional financing you may need if any. Now you will need to estimate your operating expenses for the first year after start-up. Use the Income Projection Statement (Appendix A) for this estimate.

The first step in determining your annual expenses is to estimate your sales volume month by month. Be sure to consider seasonal trends that may affect your business. Information on seasonal sales patterns and typical operating ratios can be secured from your trade associations.

NOTE: The relationships among amounts of capital that you invest levels of sales each of the cost categories the number of times that you will sell your inventory (turnover) and many other items form financial ratios. These ratios provide you with extremely valuable checkpoints before it's too late to make adjustments. In the reference section of your local library are publications such as The Almanac of Business and Industrial Financial Ratios to compare your performance with that of other similar businesses. For thorough explanations of these ratios and how to use them follow up on the sources of help and information mentioned at the end of this publication.)

Next determine the cost of sales. The cost of sales is expressed in dollars. Fill out each month's column in dollars total them in the annual total column and then divide each item into the total net sales to produce the annual percentages. Examples of operating ratios include cost of sales to sales and rent to sales.

### **AFTER START-UP**

The primary source of revenue in your business will be from sales but your sales will vary from month to month because of seasonal patterns and other factors. It is important to determine if your monthly sales will produce enough income to pay each month's bills.

An estimated cash flow projection (Chart 4) will show if the monthly cash balance is going to be subject to such factors as

- . Failure to recognize seasonal trends;
- . Excessive cash taken from the business for living expenses;
- . Too rapid expansion;
- . Slow collection of accounts if credit is extended to customers.

Use the following chart to build a worksheet to help you with this problem. In this example all sales are made for cash.

**CHART 4 - ESTIMATED CASH FLOW FORECAST**

	Jan	Feb	Mar	Apr	May	Jun, etc
Cash in bank (1st of month)	_____	_____	_____	_____	_____	_____
Petty cash (1st of month)	_____	_____	_____	_____	_____	_____
Anticipated cash sales	_____	_____	_____	_____	_____	_____
Total receipts	_____	_____	_____	_____	_____	_____
Total cash & receipts	_____	_____	_____	_____	_____	_____
Disbursements for month (rent, loan payments, utilities, wages, etc.)	_____	_____	_____	_____	_____	_____
Cash balance (end of month)	_____	_____	_____	_____	_____	_____

**CONCLUSION**

Beyond a doubt preparing an adequate business plan is the most important step in starting a new business. A comprehensive business plan will be your guide to managing a successful business. The business plan is paramount to your success. It must contain all the pertinent information about your business; it must be well written factual and organized in a logical sequence. Moreover it should not contain any statements that cannot be supported.

If you have carefully answered all the questions on this checklist and completed all the worksheets you have seriously thought about your goal. But . . . there may be some things you may feel you need to know more about.

Owning and running a business is a continuous learning process. Research your idea and do as much as you can yourself but don't hesitate to seek help from people who can tell you what you need to know.

## SWIM CLUB ORGANIZATIONAL MODELS

Swimming teams in the United States are organized and structured in a variety of ways. From programs sponsored by YMCAs or universities, to parent-owned non-profit corporations, to private businesses owned by coaches or partnerships, there are many different models of successful swimming organizations. This article reviews the variety of organizational models that exist as well as some potential advantages and disadvantages to each type of legal organization.

With regard to the legal and financial responsibilities and liabilities associated with youth sports programs in today's society, organizers of new swimming teams are encouraged to carefully consider the legal organization most appropriate to meet the vision, objectives, and needs of the new club. Some of the factors influencing this decision include legal restrictions, liabilities assumed, type(s) of business operations, number of employees, and tax advantages or disadvantages.

This article provides general information about the various legal structures of swimming teams. However, laws and procedures change frequently and can be interpreted differently. It is highly recommended that organizers of new clubs seek advice and counsel from a knowledgeable lawyer and/or accountant licensed to practice in that state.

### Coach-Owned or Private Business

Many successful competitive swimming programs in the United States are coach or privately owned. These teams may be legally structured one of several ways. Traditionally there have been numerous sole proprietor and partnership arrangements. Going forward, it would seem that limited liability corporations (LLC) may become a popular choice.

Most coach-owned swim teams are legally structured as a proprietorship or partnership. A sole proprietorship is the easiest and least costly way of starting a business. Partnerships are also relatively simple and inexpensive to create. The

LLC is rapidly becoming a very popular business form. An LLC combines selected corporate and partnership characteristics while still maintaining status as a legal entity distinct from its owners.

### Advantages

- Continuity and consistency of vision & purpose.
- Organization, program, and leadership stability.
- Owner(s) enjoys typical advantages of self-employment.
- Owner(s) has potential for greater compensation and ability to build equity over long-term.
- Sole proprietorship and partnership relatively simple and inexpensive to create.

### Disadvantages

- Greater financial risk for coach-owner. Faces typical start-up costs and challenges of any small business.
- Revenues are taxable.
- More limited financial resources.
- Sometimes more difficult for privately owned teams to foster volunteer support.
- Owner and partners personally liable for business debts.

### Nonprofit Organization/Corporation

The most common organizational model for swim teams in the United States is the parent-owned, non-profit corporation. Also known as not-for-profit corporations, the main reason that teams select this legal structure is to obtain tax-exempt status. To qualify for tax-exempt status, the corporation must be formed for religious, charitable, literary, scientific or educational purposes (swim teams fall under this purpose). If a corporation is tax-exempt under Internal Revenue Code Section 501(c)(3), not only is it free from paying taxes on income, but people and organizations who contribute to the nonprofit corporation can take a tax deduction for their contributions.

Most swim teams organized as non-profit corporations are governed by a board of

## USA Swimming Club Leadership and Business Management School

*(Use only with permission)*

directors that primarily consists swim team parents. Typically, the head coach serves as the chief executive with prime responsibility for managing day-to-day “dry-side” operations and total responsibility for developing and leading the swimming or “wet-side” of the program. In some very small team situations, volunteer officers may manage the day-to-day business of the organization.

In a few cases, swim teams are owned by private corporations. These may or may not be nonprofit entities. In these situations, there tends to be greater continuity of leadership and more power is vested in the chief executive or head coach. Such programs may be less reliant on fund raising than parent-owned entities.

### **Advantages**

- Tax-exempt status. If recognized as 501(c)(3), contributions to organization are tax deductible.
- Limited legal and financial liability for directors and staff.
- Organization structure and purpose tend to promote altruistic aura that can facilitate financial and volunteer support.

### **Disadvantages**

- Turnover of leadership often leads to lack of continuity in organizational vision and purpose.
- Parent directors often do not understand the role of a Board and tend to micromanage the staff and organization.
- Young and/or inexperienced head coaches sometimes struggle with successfully fulfilling the CEO responsibilities.
- Tend to be somewhat reliant on fund raising revenue to meet resource needs.
- Subject to more government regulation than proprietorships or partnerships.
- Property and assets transferred to corporation must stay there; if corporation ends, assets must go to another nonprofit.

### **Swim Teams Supported by Booster Clubs**

There are many situations in the United States where swimming teams are one of the programs offered by entities that own and/or operate swimming facilities. These entities typically include universities or colleges, YMCAs or YWCAs, park and recreation departments, and private schools or school districts. In most cases, revenue, in the form of team dues or program fees, is collected by the school or YMCA. Team coaches serve as employees of the entity that owns/operates the pool. This type of swim teams is very often assisted by a booster club or organization composed of parents of swimmers who provide volunteer needs and additional financial support for the team.

### **Advantages**

- In start-up situations, less financial risk incurred by swim team and its organizers.
- Due to affiliation with pool owner, usually (but not always) low-cost access to pool facility.
- Coaches are employees of school or YMCA and, as such, enjoy employee benefits such as health insurance and retirement plans.
- Booster club can be a 501(c)(3) for club fundraising purposes.

### **Disadvantages**

- Vision and philosophy of program often dictated by pool owner/operator, not by swim team leaders (in some cases this can be an advantage).
- Program fees and revenue usually flow to the pool owner/operator leaving the team with more limited financial resources.
- Swim team often is not the primary user or program in the facility and has limited control over scheduling pool time. (Often a problem when organizations of any type rent or lease pool space.
- Owner/operators may not permit separate funding groups (i.e. booster club). All monies must go through owner/operator.

## **MOST FREQUENTLY ASKED QUESTIONS ABOUT CLUB FINANCES**

### **1. I am thinking about applying for not-for-profit status for my club. What are the pros and cons?**

Not-for-profit status is granted by the IRS and refers to the federal taxability of an organization. The Internal Revenue Code sections dealing with exemption from federal income tax are 501(c)(3). A 501(c)(3) is the most desirable type of exemption because not only are any "profits" of the club related to its tax exempt purpose not taxed as federal income, but for the most part donors are eligible to deduct any donations to a 501(c)(3) on their personal tax returns. In many states, a 501(c)(3) organization is also exempt from certain property taxes, sales taxes, and state income taxes. This exemption from state taxes differs from state to state and is governed by state law. The purpose or mission of your organization determines which code section, if any, your organization might qualify under for exempt status. A club must complete form 1023 to apply for 501(c)(3) status. This form may be obtained from the IRS by calling 1-800-TAX-FORM. A club considering applying for tax-exempt status can obtain a publication from the IRS titled "Tax Exempt Status for Your Organization". The IRS web site is [www.irs.ustreas.gov](http://www.irs.ustreas.gov).

Tax-exempt status is not for every club. Many clubs are coach-owned and run by the coach as a private business enterprise. A not-for-profit organization requires an elected Board of Directors with no conflict of interests to run the swim club. In addition, any assets owned by a 501(c)(3) must be distributed to another 501(c)(3) if the organization is dissolved.

Each club must apply for not-for-profit status independently. USA Swimming does have a group exemption that extends to the LSC level but does not include the clubs.

After the IRS has examined the application to determine exempt status, it issues a determination letter if the determination is favorable.

### **2. My club wants to treat the coaches as independent contractors. Is this advisable?**

In the vast majority of situations, the coaches are employees of the club and are not independent contractors. The fact that a coach has another job or works part time for the club has no bearing on whether he or she is considered an employee of the club. The IRS looks carefully at the subcontractor issue and the penalties are stiff if the IRS decides that a coach is really an employee. Every club should seek professional, competent advice on this issue and follow that advice.

## INDEPENDENT CONTRACTOR OR EMPLOYEE?

(Taken from IRS publication #1779)

To assist in determining whether a worker is an **independent contractor** or an **employee** consider facts that fall into three categories: behavioral control, financial control and relationship of the parties. No single fact provides the answer.

### **Behavioral Control:**

These facts show whether or not there is a right to direct or control how the worker does the work. A worker is an employee when the business has the right to direct and control the worker. The business does not have to actually direct or control the way the work is done, as long as the employer has the right to direct and control the work. For example:

- **Instructions:** If a worker receives extensive instruction on how the work is to be done, the worker is an employee. Instructions might include some of the following:
  - How, when and where to do the work
  - What equipment to use
  - What assistants to hire to help
  - Where to purchase supplies

If the worker receives less extensive instructions, the worker may be an independent contractor.

- **Training:** If the business provides the worker with training about required procedures, this indicates that the business wants work done in a certain way and suggests that the worker is an employee.

### **Financial Control:**

These facts show whether there is a right to direct or control the business part of the work. For example:

- **Significant Investment:** If a worker has a significant investment in his/her work, the worker may be an independent contractor. There is no precise dollar test, but the investment must have substance. (Note: a significant investment is not a requirement of independent contractor status, it is just one factor.)
- **Expenses:** If the worker is not reimbursed for some or all business expenses, the worker may be an independent contractor, especially if the unreimbursed expenses are high.
- **Opportunity for Profit or Loss:** If the worker can realize a profit or incur a loss, this suggests that the worker is self-employed and may be an independent contractor

### **Relationship of the Parties:**

These are facts that illustrate how the business and worker perceive their relationship. For example:

- **Employee Benefits:** If the worker receives benefits such as insurance, pension or paid leave, this is an indication that the worker is an employee. If the worker does not receive benefits, he/she could be either an employee or an independent contractor.
- **Written Contracts:** A written contract may show what both the worker and the business intend. The contract may be the most significant factor in determining status.

### **An Employee:**

- Must have income tax, social security and Medicare taxes withheld. The employer is responsible for paying social security, Medicare and unemployment taxes on the employee's wages. The employer must provide a W-2 form to the employee
- May itemize unreimbursed employee business expenses subject to IRS rules and regulations.

### **An Independent Contractor:**

- Must be provided with a Form 1099-MISC to report what the employer paid to the independent contractor

USA Swimming Club Leadership and Business Management School  
*(Use only with permission)*

- Is responsible for paying his/her own income and self-employment tax. The business does not withhold taxes from the independent contractor's pay
- May deduct business expenses on the income tax return

**For More Information**

- [www.irs.gov](http://www.irs.gov)
- 1-800-829-3676 (1-800-TAX-FORM)

## II. Finances, Fundraising and Budgeting

### FIDUCIARY RESPONSIBILITIES OF SWIM CLUBS

One of the main responsibilities of club board members is to maintain financial accountability of their club. Board members act as trustees of the Club's assets and must exercise due diligence to oversee that the Club is well-managed and that its financial situation remains sound. The following questions and topics outline on how board members can fulfill their role as fiduciaries.

#### **What Does Fiduciary Mean?**

Fiduciary duty requires board members to stay objective, unselfish, responsible, honest, trustworthy, and efficient. Board members, as stewards of public trust, must always act for the good of the club, rather than for the benefit of themselves. They need to exercise reasonable care in all decision-making, without placing the club under unnecessary risk.

#### **Understanding Financial Basics**

Not every board member can be a financial wizard. Every board member, however, needs to be a financial inquisitor. It is essential to understand basic terminology, be able to read financial statements and judge their soundness, and have the capacity to recognize warning signs that might indicate a change in the overall health of the Club. If a board member does not understand something, he or she must be willing to find out the answer.

#### **Setting Up and Monitoring Key Financial Indicators**

Having the proper tools to monitor and evaluate financial performance strengthens the board's capacity to judge the health of the Club. Board members need to agree on general guidelines and standards to measure the effectiveness of club accomplishments. Appropriate policies must be in place to guide management and board decision-making.

#### **Ensuring Adequate Control Mechanisms**

Control mechanisms are not intended to detect fraud but rather to prevent it. Ensuring clarity in job descriptions and responsibilities; defining financial and accounting procedures (signing checks, handling of cash, approving expenses, outlining parameters for credit card usage); managing potential conflicts of interest with a clear policy; and requesting regular external audits are all manifestations of fiduciary responsibility.

#### **Approving the Budget**

The budget creates the framework for program management and overall administrative decisions. The annual budget approval process helps curb any tendency for the board to micromanage. Securing necessary funding is part of a viable budget. Examining financial statements regularly, comparing actual figures to the projected ones, allows the board to verify that the general guidelines stay on track. The board should question any major variances.

#### **Overseeing the Club's Legal Obligations**

The board verifies that all filing requirements and tax obligations are completed. The club must fill out Form 990 completely and file it on time. It must regularly withhold and pay employment taxes. To avoid intermediate sanctions, the new IRS regulations on nonprofits' financial transactions, the board must document and justify its executive compensation.

## NONPROFIT FINANCIAL STATEMENTS

Nonprofit financial statements typically include the following elements:

### 1. Statement of Financial Position

The statement of financial position summarizes the assets, liabilities, and net assets of a club. It is a snapshot taken at a specific point in time, presenting the financial position of a club on a specific date. It was formerly called a balance sheet because assets "balance" with liabilities plus net assets.

### 2. Statement of Activity

This statement is also known as a "statement of support, revenue, and expenses and changes in fund balance." The statement of activity summarizes the revenue and expenses for a period of time, which is usually one year and includes a reconciliation of the net assets at the beginning and the end of the period. (In the business world, this statement is usually called the "income statement" or the "profit and loss statement.")

### 3. Statement of Functional Expenses

The statement of functional expenses, prepared for the same period as the statement of activity, shows expenses by expense category—such as salaries, rent, postage, printing, etc.—according to the purpose for which they were incurred. The primary functional classifications are program and supporting services, such as management, general, and fund raising.

### 4. Statement of Cash Flows

The statement of cash flows is also prepared for the same period as the statement of activity. It reports information about the cash receipts and cash payments of a club during the period. Cash flows are shown by "operating," "investing," and "financing" activities.

Annual financial statements also include the following:

### 5. Independent Auditors Report

By law, an "independent audit" can only be conducted by an outside certified public accountant (CPA). The auditor reports in a letter to the board of directors, describing the analysis of the fairness of the financial statements and whether or not they conform to generally accepted accounting principles. It should be noted that this report is the only part of the financial statements that truly belongs to the auditors. The financial statements themselves are prepared by the club's board treasurer or staff and are the responsibility of the board of directors.

### 6. Notes to Financial Statements

Almost all financial statements carry notes. These notes are important and should always be read. The type of information generally included in the notes is: descriptive information about the club; a summary of significant accounting policies; and explanations or details of specific items in the financial statements.

## NONPROFIT FINANCIAL STATEMENTS (continued)

### 7. Supplementary Information

A board may want information in addition to the required financial statements. An example would be a schedule showing a breakdown of contributions or an analysis of investments. Supplementary information usually follows the notes to the financial statements.

### Interim Financial Statements

Most boards rely heavily on interim financial statements, which cover any period of time that is not annual. The interim statement of activity is the tool for reviewing, evaluating, and changing the club's financial goals and objectives.

A board may decide that it does not need a full set of financial statements monthly, but it should certainly receive the statement of activity each month. Depending upon the circumstances, other financial information may be important and should be shared. This information could include: cash balances; changes in investments; significant amounts due to the club, particularly if it appears that any of them might be paid late or not paid at all; material acquisition or disposal of land, buildings, furniture and equipment; and unusual amounts payable during the succeeding month, particularly if there is any indication of cash flow problems and the possibility of the need to borrow.

## NONPROFIT PUBLIC DISCLOSURE REQUIREMENTS

Most nonprofits are legally obligated to make certain documents available to public. For a nonprofit accountability means worthiness of public trust and fulfillment of qualifying factors for tax-exemption. This can be achieved by open and transparent operation of the Club. The primary document for this is the IRS Form 990.

### **What is Form 990?**

Form 990 is an annual information return that nonprofits file with the IRS. It provides information that allows the IRS to determine whether or not the club continues to fill the requirements for its tax-exempt status.

### **When is Form 990 filed?**

The form needs to be filed by the 15th day of the 5th month after the end of the Club's accounting period. Failing to file this information on time, omitting information, or providing incorrect information may result in penalty payments.

### **Who has to file Form 990?**

All 501(c) clubs, except churches and church-controlled clubs, with annual revenues over \$25,000 need to file this form. A shorter version, Form 990-EZ can be used by small nonprofits. Even if a club is not obligated to file this form, it is a good idea to do so. The form provides a good summary of financial information for donors or others who are interested in its activities.

### **What information is requested on Form 990?**

Form 990 explains the mission and program activities of the club. The Club's financial information details revenues, expenses, and net assets. Expenses need to be categorized under program services, management and general, or fund-raising. It is necessary to list the names of board members and key staff and their compensation (if more than \$50,000 annually.)

### **What information does not need to be disclosed?**

The club does not need to make public the names of donors and the amounts of individual contributions. This information is listed as an attachment and does not have to be handed out when someone requests a copy of Form 990.

## **NONPROFIT PUBLIC DISCLOSURE REQUIREMENTS (continued)**

### **What can you learn from Form 990?**

It is important to give accurate information on the form as it can be used to judge the club's legality and reputation. Besides the IRS, donors, media, and other oversight groups may use it as a source of information. How you fill out the form will help answer many questions, even if other sources may be needed to supplement a specific inquiry. Are you complying with regulations on intermediate sanctions? Are your administrative costs out of line? Do you spend most of your money on programs related to your mission? Do you have a security blanket: What is the amount of your net assets?

### **How is Form 990 available to the public?**

The 1996 Tax Payer Bill of Rights II stipulates that a 501(c) organization is obligated to give a copy of Form 990 to anyone requesting it. This includes visitors to the office and requests by phone, fax, mail, or email. If the organization posts its Form 990 on the Internet, it does not have to provide hard copies. It is allowed to charge a reasonable fee (prepayment) for copying and mailing the document. Specific rules apply to harassment campaigns.

### **What other documents are public information?**

In addition to the last three years' copies of Form 990, Form 1023 (application for a tax-exempt status) is a public document.

**CHECKLIST - 10 KEY FINANCIAL QUESTIONS  
BOARD MEMBERS SHOULD ASK**

1. Have we run a gain or loss?
2. Are our key sources of income rising or falling?
3. Do we have a diversity of funding sources? Is it a healthy mix of public and private support?
4. Are our key expenses, especially salary and benefits, under control?
5. Do we have sufficient reserves?
6. Is our cash flow projected to be adequate?
7. Where are we compared with budget?
8. Is our financial plan consistent with our strategic plan?
9. Are we using a salary administration plan? Are our salaries competitive?
10. Are we filing all needed reporting documents and legal obligations on a timely basis?

**ASSESSING THE BOARD'S UNDERSTANDING  
OF ITS ROLE IN FINANCIAL OVERSIGHT**

1. The financial responsibilities of our board are:

- Well understood by most board members
- Not well understood by most board members
- Other? \_\_\_\_\_

2. When it comes to understanding the true financial condition of our organization, most of the members of our board are:

- Well informed
- Don't have a clue
- Other? \_\_\_\_\_

3. Our internally prepared financial statements that we provide to the board on a regular basis are:

- Clear and easy to understand
- Impossible to decipher
- What regular basis?
- Other? \_\_\_\_\_

4. Our board's greatest strength in fulfilling its financial responsibilities is:

---

---

---

---

5. Our board's greatest weakness in fulfilling its financial responsibilities is:

---

---

---

---

## INFORMATION & QUESTIONS TO CONSIDER WHEN CREATING A BUDGET

1. Is your budget consistent with your team's vision, philosophy and goals?
2. Budget according to what you want to achieve. Start with an ideal budget, and then be creative in developing the revenue and resources to make it work.
3. The Head Coach, who ideally is responsible for day-to-day financial operations, should be an integral part of developing and managing the budget.
4. Are your fees realistic for the expenses you are planning?
5. Are your fees competitive with other area clubs? Should/could they be higher? "You get what you pay for" can be used as a positive club attribute.
6. How do your fees compare with other sports or after-school activities? You may want to do a per-hour price comparison with other sports and youth activities.
7. Special programs such as Swim America Learn-to-Swim can build the club with both revenue and with swimmers.
8. Does your budget adequately consider "reserves" for long-term growth?

vision  
mission  
objectives  
while planning  
budget

USA Swimming Club Leadership and Business Management School  
(Use only with permission)

**SAMPLE BUDGET  
MAN-EATING PIRANHA'S SWIM CLUB**

<b>Expenses for "Hard Money" Budget</b>	
<b>Coaching Needs:</b>	
Head Coach Salary	\$ 40,000
Age Group Coach Salary	28,000
Part-Time Hourly Assistants	15,000
Payroll Taxes & Salary Expense	7,000
Coaches' Travel Expenses	8,000
Prof. Development/Education	4,000
Insurance & Misc.	<u>6,500</u>
Total Salary Exp:	<u>\$108,500</u>
<b>Pool Rental:</b>	
Pool # 1 in Winter	8,500
Pool #1 in Summer	3,500
Pool #2 in Winter	5,200
Pool #2 in Summer	<u>2,600</u>
Total Pool Rental:	<u>\$ 19,800</u>
<b>General &amp; Admin. Expense:</b>	
Telephone/Email/Website	3,500
Office Supplies & Printing	3,600
Postage	1,200
Accounting & Legal	2,000
USA-S Registration	8,500
Dues/Subscriptions & Misc	800
Social Events & Awards Day	1,800
Publicity/Marketing	2,300
Equipment	<u>3,000</u>
Total G & A Exp:	<u>\$ 26,700</u>
<b>Total "Hard Money" Expenses:</b>	<b>\$ 155,000</b>

<b>Revenues for "Hard Money" Budget</b>	
<b>Fees:</b>	
Team Registration Fee	\$ 13,200
165 swimmers x \$80	
National Team: 15 swimmers	
\$120/month x 11 months	19,800
Senior Team: 35 swimmers	
\$90/month x 11 months	34,650
Age Group I: 50 swimmers	
\$55/month x 11 months	30,250
Age Group II: 50 swimmers	
\$40/month x 11 months	<u>22,000</u>
Total Fees:	<u>\$ 119,900</u>
<b>Swim America Learn-to-Swim Program:</b>	
Revenue: 500 swimmers x \$50	25,000
Salary Expense	(10,500)
Gen & Admin Expense	<u>(1,500)</u>
Swim America Net:	<u>\$ 13,500</u>
<b>Swim Meets:</b>	
February Meet Revenue	14,000
February Meet Expense	(7,900)
June Meet Revenue	12,500
June Meet Expense	<u>(6,700)</u>
Swim Meet Net:	<u>\$ 11,900</u>
Total prior to Fundraising:	<u>\$ 145,300</u>
<b>Fund Raising:</b>	
Swim-A-Thon Net	12,500
Flyer Distribution Net	<u>6,500</u>
Total Fundraising:	<u>\$ 19,000</u>
<b>Total "Hard Money" Revenue:</b>	<b>\$ 164,300</b>
<b>Net Year Revenue (Expense):</b>	<b>\$ 9,300</b>

**ASSUMPTIONS USED TO CREATE "HARD MONEY" BUDGET**

1. Parent-owned team with 150 swimmers with two full time coaches. Project registration revenue and expense from 165 swimmers to maintain 150 level.
2. Typical full-service team offering programs from learn-to-swim to national level.
3. The team rents two pool facilities to conduct all programs.
4. Goals for the year: Add 40 new swimmers; add a new workout location and part-time coach; start an adult fitness group; purchase video system, send 9 swimmers to U.S. Open and 4 swimmers to Nationals.

**“HARD MONEY” vs. “PROGRAM ENRICHMENT” BUDGET**

The “Hard Money” portion of the budget represents revenues that you are confident you will receive and expenses that you will incur in the basic operation of the existing program. The “Program Enrichment” budget (outlined below) is where you really get to dream and to plan. It is where you make progress in building your program. This portion of the budget represents a real attempt to fulfill your vision. However, in this portion of the budget, you only incur expenses as corresponding revenue is realized.

**Expenses for “Program Enrichment”**

**Coaching Needs:**

Additional Asst. Coach for Pool #3  
\$10/hour x 400 hours                      \$ 4,000

**Pool Rental:**

10 hours/week at Pool #3 @\$21/hour=  
\$210/week x 30 weeks for the winter plus  
10 weeks in the summer                      8,400

**National Team Travel:**

Airfare for 4 swimmers to  
Senior Natls @ \$400/swimmer              1,600  
Airfare for 9 swimmers to  
U.S. Open @ \$400/swimmer                  3,600

**Video Camera & System:**

Used for Stroke Analysis                      5,000

**Total Program Enrichment Exp:**              \$ 22,600

**Revenues for “Program Enrichment”**

**Fees at Pool #3:**

- a. Short-term: Start adult fitness program to in 2 lanes of pool while team uses the other 4 lanes. Project 15 Fitness Memberships at \$30/mo x 10 months                      \$ 4,500
- b. Long-term: Age Group III 40 swimmers @ \$25/mo for 10 months                                      10,000

**Sponsorships & Advertising:**

- a. Sell sponsorships for Natl Team Warm-ups and travel                              1,600
- b. Sell advertising for swim meet Heats sheets    2,500

**Stroke Analysis:**

- a. Secure bank loan for video system
- b. Offer video analysis on Sat AM for \$15/half hour                                      4,000

**Total Program Enrichment Revenue:**              \$ 22,600

## SUCCESSFUL FUNDRAISING - WHAT IT TAKES

1. **A Committee or entire Board and Chair.**  
Committed and supportive, willing to work tirelessly at raising money.
2. **A Head coach (Executive Director).**  
Committed even if not an experienced fundraiser.
3. **Staff (Ideally Fundraising Staff).**  
Has *initiative*, writes well, gets on with people, and is willing to do the tough, hard, drudgery work without recognition.
4. **Strategic Planning.**  
A clear and agreed understanding of the *mission*, and a *vision of* what the organization wants to *be* and *do* in the coming years; realistic about the funding needs and the case for support.
5. **The Case.**  
A compelling statement of why someone should support, focused first on *why* the organization exists - what is needed in the community, what is the change for the good - before explaining *what* it does and *who* it is.
6. **Sources and Kinds of Contributions.**  
Understanding giving by *individuals, foundations, corporations, other nonprofits* and *government agencies*; the special nature of *capital giving*.
7. **Procedures.**  
Good records, mailing lists, acknowledgments.
8. **Research.**  
Relentless, methodical donor research.
9. **Resource Development Plan.**  
A comprehensive strategy with realistic targets of achievement.
10. **Patience and Enthusiasm.**  
Acceptance that fundraising is a *process* that takes time, and success comes only with an *enthusiastic* spirit.

Used with the permission of Fisher Howe.

### III. Evaluation and Assessment

#### EVALUATION CHECKLIST FOR CLUB ASSESSMENT

**1. When to evaluate?**

Evaluate every three to six years, or sooner if circumstances have greatly changed since the last evaluation, or if the head coach or board members have some reason for concern.

**2. Who should evaluate?**

An internal group or person if they can be spared from normal assignments, have the right qualifications, and will be sufficiently objective. Outsiders whenever those qualifications cannot be fully met.

**3. What is the standard?**

The terms in which the mission statement, a strategic plan, or a statement of goals (the more specific the better) define what was expected to be achieved. If no such document exists, the board must specify the standard to be met.

**4. Who should oversee the work?**

The head coach, together with a board oversight committee. They should approve the study's design, budget, and schedule; receive progress reports; review a draft report before the evaluation is concluded; and decide how the full board might best receive and discuss the report.

**5. What might be some key questions?**

Specifics will vary with whatever is being evaluated, but generic questions are:

- If we were starting today, would we do it this way?
- Do our actions match our mission statement?
- How are we like and unlike the best in our field?
- What do our intended beneficiaries think of our performance?
- How are the next five years likely to be different?

**6. The report is submitted. What then?**

Implementation is the pay-off. It is the responsibility of the board and the head coach to make it happen.

From *Board Assessment of the Organization: How Are We Doing?* by Peter Szanton (National Center for Nonprofit Boards, 1992).

## EVALUATING THE HEAD COACH

### Guidelines for Evaluating the Head coach

- Do it.
- Do it in a constructive way.
- Make it a regular exercise for the head coach, for the board, and for the club.
- Include the head coach in all aspects of the process and content of the performance assessment.

### The Content of the Evaluation

1. Examine club goals and how the head coach's performance supports and ensures their implementation.
2. Establish measurable objectives with the head coach related to club goals and to leadership and management qualities.
3. Determine the quality of the head coach's relationship with the board, staff, funders, government agencies, the community, stakeholders, and consumers.

### Issues That Shape the Evaluation Process

- Who has the principal responsibility? The executive committee? The board chair? The human resources committee? The full board?
- How is agreement reached, with the full board, on the criteria for the evaluation?
- What is the time frame for the evaluation?
- Will staff, community, or clients be involved?
- Does the head coach have an opportunity to respond to the evaluation?
- How will the final evaluation be shared with the full board?

Adapted from *Board Assessment of the Chief Executive: A Responsibility Essential to Good Governance* by John W. Nason (BoardSource).

**KEY QUESTIONS FOR ASSESSING  
THE HEAD COACH'S PERFORMANCE**

1. What are the major objectives of the club in the short-run (1-2 years) and the long-term (5-10 years)?
2. How well are these objectives being realized?
3. Does the head coach have the necessary knowledge and skills?
4. Does the head coach have the necessary personality characteristics?
5. Does the head coach recruit and supervise good staff?
6. What are the head coach's major strengths?
7. What are the head coach's major weaknesses?
8. What external factors interfere with the head coach's ability to achieve club goals?
9. Is the board a positive, negative, or neutral force in achieving club goals?
10. What specific decisions and actions are necessary to (a) strengthen the head coach's performance, (b) clarify the proper role of the board, and (c) enhance the contribution of the club?

## Unit Two: Principles of Governance

### I. Basics for Nonprofit Organizations

#### BOARD SELF-ASSESSMENT SURVEY

Review the list of basic board responsibilities. Indicate whether, in your opinion, the board currently does a good job in an area or whether the board needs to improve its performance.

	Does Well	Needs Work	Consensus
Club's Mission			
Relationship with Head Coach			
Program Evaluation			
Fund Raising			
Financial Oversight			
Strategic Planning			
Selection and Orientation of Board			
Board/Staff Relations			
Public Relations and Advocacy			
Board Operations			
Board Liability and Risk Management			

When a board self assessment takes place, board members should compare their responses, identify areas of consensus, and develop a plan of action for strengthening the board.

## PRINCIPLES OF GOVERNANCE - KEY RESPONSIBILITIES

### Mission

- Ensure that your club has a clear, succinct written mission statement that expresses its core values and reason for being.
- Tie the club to the spirit of the sector and to the major issues facing the club's field and community.
- Revisit the mission statement annually in light of internal and external change, and revise it if necessary.
- Ask other clubs and similar clubs for copies of their mission statements and compare how they describe their vision and values.
- Seek internal and external feedback - from staff and from members or constituents - about the club's mission.
- Make the club's mission widely known by promoting it in the community.

### Oversight

- Engage in regular strategic planning as an integral part of effective leadership and management.
- Commission a periodic club assessment that examines, in detail, the club's programs and services, as well as its management, structure, and capacity.
- Adopt and regularly review a code of ethics and conflict of interest policy for board and staff.
- Understand and respect the relationship between board and staff.
- Select the chief executive carefully, and provide a clear description of duties and relationships.
- Support and strengthen the chief executive and the board-CPO relationship through a regular performance evaluation.
- Ensure high quality executive leadership.
- Make board self-assessment a routine part of the board's work.

### Resources

- Formulate a fund-raising strategy, including a case statement that expresses the rationale for financial support.
- Expect each board member to make an annual contribution to the club according to his or her means, and take an active role in raising money.
- Cultivate board members with expertise in finance.
- Approve and monitor the annual operating budget.
- Review regular financial reports from staff.
- Require an annual audit by an independent accountant.

### Outreach

- Listen to the needs and interests of current and potential stakeholders.
- Be active community ambassadors, promoting the club's mission, service, and achievements as well as bringing community perspectives to the attention of the board and staff.
- Ensure that the club has a marketing and public relations strategy to support outreach.
- Seek out key leaders in business, government, education, and the media to inform them about the club.
- Develop policies that support and encourage outreach activities.

From *Meeting the Challenge: An Orientation to Nonprofit Board Service*, video (BoardSource, 1998).

Taken from the "Club Leadership Development Notebook" a publication from *BoardSource*. For more information about *BoardSource* write to 1828 L Street NW, Suite 900, Washington, DC 20036-5114. Telephone (202) 452-6262. Fax: (202) 452-6299, email: [mail@boardsource.org](mailto:mail@boardsource.org), website: <http://www.boardsource.org>. Copyright 2000. Used with permission.

## DISCUSSION QUESTIONS: PRINCIPLES OF GOVERNANCE

### Mission

1. How long has it been since our board reviewed and refreshed the mission of the club and balanced it against day-to-day operating realities?
2. Who else should we include in discussions of mission and vision?
3. How do individual board members prepare themselves for their work on mission and vision?
4. How do we as board members maintain our connection and commitment to the mission?
5. Can everyone on our board clearly state of club's mission?
6. What are the core values of the club?
7. How are these values expressed in how we function?
8. Do the outcomes of each of our programs contribute to the achievement of our mission? If not, what needs to be done?

### Oversight

1. Is our club committed to planning as an essential part of effective leadership and management?
2. Do we use our plans to evaluate progress and outcomes?
3. Does our club have an up-to-date code of ethics and conflict of interest policy?
4. How do we distinguish between board responsibilities and those of the chief executive or staff? What are the areas in which our responsibilities overlap?
5. What indicators and processes do we use to find out whether our board is doing its job?
6. Do we regularly evaluate the chief executive's performance? Our own performance as a board and as individual board members? What evaluation processes do we use?
7. Do board members have a clear written statement of their duties and responsibilities? Does the chief executive have a job description?
8. Is the board aware of the chief executive's salary and how it's determined? If not, why not?
9. Does the board regularly review the club's Form 990, which is a public document?

## DISCUSSION QUESTIONS: PRINCIPLES OF GOVERNANCE (continued)

### Resources

1. How do we educate board members about the club's fund-raising strategy?
2. Does every board member make an annual contribution to the club?
3. To what extent do board members actively ask others to provide financial support?
4. Are there obvious areas of strength and weakness in our board's fund-raising performance?
5. Do we have adequate financial expertise among board members?
6. Does the board receive regular, complete financial reports? Are the reports clear and easy to understand?
7. What questions do we bring to our review of financial documents?
8. What internal controls are in place to guard against potential fraud and abuse?
9. Are our investment policies consistent with our values, financial situation, and long-term goals?

### Outreach

1. Do our community stakeholders know and understand our mission?
2. How does the board support our outreach activities? How can this be expanded?
3. To what extent is our club well known to business, government, education, and media leaders? Do we actively pursue and develop those relationships?
4. How could more effective outreach enhance our fund-raising capabilities?
5. How do the board, its members, and the staff work together in the area of community outreach? How can we strengthen this partnership?

From *Meeting the Challenge: An Orientation to Nonprofit Board Service*, a video hosted by Ray Suarez (BoardSource, 1998).

## LEGAL RESPONSIBILITIES OF A NONPROFIT BOARD

*According to nonprofit corporation law, a board member should meet certain standards of conduct and attention to his or her responsibilities to the organization. Along with attention to programs, finances, and fundraising, nonprofit board members should understand the regulatory environment in which their organizations operate. Fundamental legal principles and complex tax laws govern the work of nonprofit boards and board members.*

*The duties of the nonprofit board can be summed up in the “three D’s”: the duty of care, duty of loyalty, and duty of obedience.*

### Duty of Care

Board members must exercise due care in all dealings with the organization and its interest. Directors should be reasonably **informed** about the Clubs’ activities, **participate** in collective decisions, and do so in good faith and with the care of an ordinary **prudent person** in similar circumstances. This includes careful oversight of financial matters and reading of minutes, attention to issues that are of concern to the organization and raising questions whenever there is something that seems unclear or questionable.

The duty of care is carried out by the following acts:

- Attendance at meetings of the board and appropriate committees
- Advance preparation for board meetings, such as reviewing reports and the agenda prior to meetings of the board
- Obtaining information (in the context of the board meeting), before voting, to make good decisions – unless otherwise assigned to find data or research that informs discussion in the board room
- Use of independent judgment
- Periodic examination of the credentials and performance of those who serve the Club
- Frequent review of the Club’s finances and financial policies
- Compliance with filing requirements, particularly annual information returns

### Duty of Loyalty

The duty of loyalty requires board members to exercise their power **in the interest of the organization** and not in their own interest or interest of another entity, particularly one in which they have a formal relationship. When acting on behalf of the Club, board members must put the interests of the Club before their personal and professional interests.

Conflicts of interest, including the appearance of conflicts of interest, must be avoided. This includes personal conflicts of interest or conflicts with other organizations with which a board member is connected.

In practice, the duty of loyalty is carried out by the following acts:

- Disclosure of any conflicts of interest
- Adherence to the Club's conflict-of-interest policy
- Avoidance of the use of corporate opportunities for the individual's personal gain or benefit
- Nondisclosure of confidential information about the organization.

### **Duty of Obedience**

Obedience to the organization's central purposes must guide all decisions. The board must also ensure that the organization **functions within the law**, both the "law of the land" and its own bylaws and other policies. The directors must remain the **guardians of the mission**.

The duty of obedience is carried out by the following acts:

- Compliance with all regulatory and reporting requirements, such as filing the annual information return (usually, IRS Form 990) and paying employment taxes
- Examination of all documents governing the organization and its operation, such as the bylaws and policies
- Making decisions that fall within the scope of the organization's mission and governing documents.

*The enactment of the Sarbanes-Oxley Act of 2002, passed in the aftermath of Enron and other corporate scandals, raised the standards of scrutiny in the private sector for such things as auditor independence, corporate responsibility, financial disclosure, and conflicts of interest. It is not surprising to realize that heightened concern for accountability is carrying over into the nonprofit sector, by law or in practice.*

*So, it is more important than ever that board members be mindful of their legal responsibilities.*

*Simply put, board members need to answer the following questions:*

- What kind of oversight am I expected to provide?
- When and how can I be found personally liable?
- How can I avoid, or at least minimize, personal liability?

*Adapted from "The Legal Duties of the Nonprofit Board" @ BoardSource  
[www.BoardSource.org](http://www.BoardSource.org)*

## HOW DO WE SAFEGUARD AGAINST CONFLICT OF INTEREST?

### • **What is conflict of interest?**

When the personal or professional concerns of a board member or a staff member affect his or her ability to put the welfare of the club before personal benefit, a conflict of interest exists. Nonprofit board members are likely to be affiliated with many clubs in their communities, both on a professional and a personal basis, so it is not unusual for actual or potential conflict of interest to arise.

### • **Why must we be concerned about conflict of interest?**

Board service in the nonprofit sector carries with it important ethical obligations. Nonprofits serve the broad public good; when board members fail to exercise reasonable care in their oversight of the nonprofit, they are not living up to their public trust. In addition, board members have a legal responsibility to assure the prudent management of a club's resources. In fact, they may be held liable for the club's actions. A 1974 court decision known as the "Sibley Hospital Case" set a precedent by confirming that board members can be held legally liable for conflict of interest because it constitutes a breach of their fiduciary responsibility.

### • **Does conflict of interest only involve financial accountability?**

No. Conflict of interest relates broadly to ethical behavior, which includes not just legal issues but considerations in every aspect of governance. A recent statement by Independent Sector describes three levels of ethical behavior: (1) obeying the law; (2) decisions where the right action is clear, but one is tempted to take a different course; and (3) decisions that require a choice among competing options. The third level of behavior can pose especially difficult ethical dilemmas for nonprofit board members.

### • **What can we do to prevent conflict of interest situations?**

Self-monitoring is the best preventative measure. Institute a system of checks and balances-to circumvent actual or potential conflicts of interest, beginning with well-defined operating policies on all matters that might lead to conflict. Most important, create a carefully written conflict of interest policy based on your club's needs and circumstances. Ask each board and staff member to agree in writing to uphold the policy. Review the policy regularly as part of the board self-assessment process.

### • **What should be included in a conflict of interest policy?**

1. Full disclosure - Board members and staff members in decision-making roles should make known their connections with groups doing business with the nonprofit. This information should be provided annually.
2. Board member abstention from discussion and voting - Board members who have an actual or potential conflict of interest should not participate in discussions or vote on matters affecting transactions between the club and the other group.
3. Staff member abstention from decision making - Staff members who have an actual or potential conflict should not be substantively involved in decision-making affecting such transactions.

## HOW DO WE SAFEGUARD AGAINST CONFLICT OF INTEREST?

### •What are some examples of actual and potential conflict of interest?

- Club policy requires competitive bidding on purchases of more than \$1,000, but a printing firm owned by a board member's spouse receives the \$25,000 contract for the annual report and no other bids are solicited.
- A board member serves on two boards in the same community and finds him or herself in the position of approaching the same donors on behalf of both nonprofits.
- A staff member receives an honorarium for conducting a workshop for another group in the club's field of interest.

### • Should a club contract with a board member for professional services, such as legal counsel or accounting?

Attorneys, accountants, and other professionals can contribute valuable expertise to a board. Due to the potential for conflict of interest, their contributions should be voluntary. At the very least, a board member who is associated with a firm competing for a contract should abstain from discussion and voting in the selection process. If a competitive bidding process results in the selection of that board member's firm, he or she should disclose the affiliation and abstain from voting on future board actions connected with that firm's contract with the nonprofit.

## STATEMENT OF PRINCIPLES ON ETHICAL BEHAVIOR AND CONFLICT OF INTEREST

Those who choose to serve USA Swimming, whether as volunteers or paid professionals, are held to a high standard of conduct. As guardians of Olympic ideals, they assume an obligation to subordinate individual interests to the interests of the Olympic Movement. What may be considered acceptable conduct in some businesses may be inappropriate in Olympic service.

Those who serve USA Swimming must do so without personal gain in order to avoid any institutional loss or embarrassment and to behave in such a way that the organization's trust and public confidence are enhanced. It is important to avoid any real conflict of interest.

While no set of guidelines can guarantee acceptable behavior, the principles that guide behavior in this area, are disclosure, non-participation in the decision making process where personal or family gain is a possibility, and a commitment to honor the confidentiality of organizational information. All conduct is founded on the individual's sense of integrity. Any individual accepting the honor of serving USA Swimming must accept the burdens of public disclosure and public scrutiny.

In our complex society, the individual must balance work, business interests, governmental activity, and family relationships often with potentially conflicting interests. What is required is disclosure of conflicting interests when they arise, and strict nonparticipation in any evaluation process relating to the matter in question.

The following guidelines are not a precise road map to acceptable conduct. They are signposts. Each individual must find his or her own way.

1. The business of USA Swimming is to be conducted in observance of both the spirit and letter of applicable federal and state laws.
2. USA Swimming properties, services, opportunities, authority and influence are not to be used for private benefit.
3. All individuals who participate with USA Swimming will disclose the nature and extent of an actual or potential conflict of interest when it occurs in the evaluation of an issue and will avoid evaluating or voting on the matter involved. This includes the award of contracts, the purchase of goods and services, the award of contracts for professional services, and the allocation of USA Swimming resources for individual use.
4. Gifts, cash, travel, hotel accommodations, entertainment, or favors are neither to be given nor received, except those of nominal value exchanged in the normal course of business. Gifts and favors of more than one hundred dollars (\$100.00) value should not ordinarily be accepted. If circumstances render it awkward to refuse such a gift, the donor should be thanked and told the gift is being accepted on behalf of and will be delivered to USA Swimming.

USA Swimming Club Leadership and Business Management School  
(Use only with permission)

5. Expenses incurred in the furtherance of USA Swimming business are to be reasonable, necessary and (if twenty-five dollars or more) substantiated.
6. All are expected to exhibit honesty, loyalty, candor and professional competence in their relationships with USA Swimming and with each other.
7. Each individual has the responsibility to maintain the confidentiality of the organization. This includes both proprietary and sensitive information.

ACKNOWLEDGEMENT, RECEIPT AND UNDERSTANDING

I acknowledge receipt and understanding of USA Swimming's Statement of Principles on Ethical Behavior and Conflict of Interest, and I pledge my full support of the spirit and the letter of the requirements contained therein.

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Committee

## SAMPLE WHISTLEBLOWER POLICY

### **General**

The Organization's Code of Ethics and Conduct ("Code") requires directors, officers and employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. As employees and representatives of the Organization, we must practice honesty and integrity in fulfilling our responsibilities and comply with all applicable laws and regulations.

### **Reporting Responsibility**

It is the responsibility of all directors, officers and employees to comply with the Code and to report violations or suspected violations in accordance with the Whistleblower Policy.

### **No Retaliation**

No director, officer or employee who in good faith reports a violation of the Code shall suffer harassment, retaliation or adverse employment consequence. An employee who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including termination of employment. This Whistleblower Policy is intended to encourage and enable employees and others to raise serious concerns within the Organization prior to seeking resolution outside the Organization.

### **Reporting Violations**

The Code addresses the Organization's open door policy and suggests that employees share their questions, concerns, suggestions or complaints with someone who can address them properly. In most cases, an employee's supervisor is in the best position to address an area of concern. However, if you are not comfortable speaking with your supervisor or you are not satisfied with your supervisor's response, you are encouraged to speak with someone in the Human Resources Department or anyone in management whom you are comfortable in approaching. Supervisors and managers are required to report suspected violations of the Code of Conduct to the Organization's Compliance Officer, who has specific and exclusive responsibility to investigate all reported violations. For suspected fraud, or when you are not satisfied or uncomfortable with following the Organization's open door policy, individuals should contact the Organization's Compliance Officer directly.

### **Compliance Officer**

The Organization's Compliance Officer is responsible for investigating and resolving all reported complaints and allegations concerning violations of the Code and, at his discretion, shall advise the Coach and/or the audit committee. The Compliance Officer has direct access to the audit committee of the board of directors and is required to report to the audit committee at least annually on compliance activity. The Organization's Compliance Officer is the chair of the audit committee.

### **Accounting and Auditing Matters**

The audit committee of the board of directors shall address all reported concerns or complaints regarding corporate accounting practices, internal controls or auditing. The Compliance Officer

USA Swimming Club Leadership and Business Management School  
(Use only with permission)

shall immediately notify the audit committee of any such complaint and work with the committee until the matter is resolved.

**Acting in Good Faith**

Anyone filing a complaint concerning a violation or suspected violation of the Code must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation of the Code. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.

**Confidentiality**

Violations or suspected violations may be submitted on a confidential basis by the complainant or may be submitted anonymously. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

**Handling of Reported Violations**

The Compliance Officer will notify the sender and acknowledge receipt of the reported violation or suspected violation within five business days. All reports will be promptly investigated and appropriate corrective action will be taken if warranted by the investigation.

Audit Committee Compliance Officer  
The Organization's Management Staff

### SAMPLE DOCUMENT DESTRUCTION POLICY

The Sarbanes-Oxley Act addresses the destruction of business records and documents and turns intentional document destruction into a process that must be carefully monitored. Nonprofit organizations should have a written, mandatory document retention and periodic destruction policy. Policies such as this will eliminate accidental or innocent destruction. In addition, it is important for administrative personnel to know the length of time records should be retained to be in compliance.

**The following table provides the minimum requirements.**

*This information is provided as guidance in determining your organization's document retention policy.*

Type of Document	Minimum Requirement
Accounts payable ledgers and schedules	7 years
Audit reports	Permanently
Bank Reconciliations	2 years
Bank statements	3 years
Checks (for important payments and purchases)	Permanently
Contracts, mortgages, notes and leases (expired)	7 years
Contracts (still in effect)	Permanently
Correspondence (general)	2 years
Correspondence (legal and important matters)	Permanently
Correspondence (with customers and vendors)	2 years
Deeds, mortgages, and bills of sale	Permanently
Depreciation Schedules	Permanently
Duplicate deposit slips	2 years
Employment applications	3 years
Expense Analyses/expense distribution schedules	7 years
Year End Financial Statements	Permanently
Insurance Policies (expired)	3 years
Insurance records, current accident reports, claims, policies, etc.	Permanently
Internal audit reports	3 years
Inventories of products, materials, and supplies	7 years
Invoices (to customers, from vendors)	7 years
Minute books, bylaws and charter	Permanently
Patents and related Papers	Permanently
Payroll records and summaries	7 years
Personnel files (terminated employees)	7 years
Retirement and pension records	Permanently
Tax returns and worksheets	Permanently
Timesheets	7 years
Trademark registrations and copyrights	Permanently
Withholding tax statements	7 years

©2004 National Council of Nonprofit Associations. May be duplicated, with attribution, by charitable organizations.

**THREE “HATS” FOR BOARD MEMBERS:  
INDIVIDUAL VS. COLLECTIVE RESPONSIBILITIES**

- **Governance Hat**

“Worn” only when the full board meets, proper notice has been given, and a quorum is present.

1. Ultimate legal and moral authority
2. Accountability, per the government
3. An *individual* board member has no authority in governance. Governance is *group* action.

- **Implementation Hat**

“Worn” only when the board gives one or more board members authority to implement a board policy.

1. Board delegates a specific task, e.g., buy a van, pick an auditor, organize a special event
2. Authority comes from board decision

- **Volunteer Hat**

“Worn” at all other times, when board members are involved with organizational activities as volunteers.

1. Volunteer, plain and simple
2. No “extra” authority by virtue of board position
3. Accountable to another person, e.g., Coach, staff member, committee chair, board chair

From *Nonprofit Board Answer Book* by Robert C. Andringa and Ted W. Angstrom.

## 10 BASIC RESPONSIBILITIES OF SWIM CLUB BOARDS

- 1. Determine the club's mission and purpose.** A statement of mission and purposes should articulate the club's goals, means, and primary constituents served. It is the board's responsibility to create the mission statement and review it periodically for accuracy and validity. Each individual board member should fully understand and support it.
- 2. Select the head swim coach.** Boards must reach consensus on the head coach job description and undertake a careful search to find the most qualified individual for the position.
- 3. Support the head coach and review his or her performance.** The board should ensure that the head coach has the moral and professional support he or she needs to further the goals of the club. The chief executive, in partnership with the entire board, should decide upon a periodic evaluation of his or her performance.
- 4. Ensure effective club planning.** As stewards of the club, boards must actively participate with the staff in an overall planning process and assist in implementing the plan's goals.
- 5. Ensure adequate resources.** One of the board's foremost responsibilities is to provide adequate resources for the club to fulfill its mission. The board should work in partnership with the head coach and development staff, if any, to raise funds from the community.
- 6. Manage resources effectively.** The board, in order to remain accountable to its donors and the public, and to safeguard its tax-exempt status, must assist in developing the annual budget and ensuring that proper financial controls are in place.
- 7. Determine, monitor, and strengthen the club's programs and services.** The board's role in this area is to determine which programs are the most consistent with the club's mission, and to monitor their effectiveness.
- 8. Enhance the club's public standing.** The board is a club's primary link to the community, including constituents, the public and the media. Clearly articulating the club's mission, accomplishments, and goals to the public, as well as garnering support from important members of the community, are important elements of a comprehensive public relations strategy.
- 9. Ensure legal and ethical integrity and maintain accountability.** The board is ultimately responsible for ensuring adherence to legal standards and ethical norms. Solid personnel policies, grievance procedures, and a clear delegation to the head coach of hiring and managing employees will help ensure proper decorum in this area. The board must establish pertinent policies, and adhere to provisions of the club's bylaws and articles of incorporation.
- 10. Recruit and orient new board members and assess board performance.** All boards have a responsibility to articulate and make known their needs in terms of member experience, skills, and many other considerations that define a "balanced" board composition. Boards must also orient new members to their responsibilities and the club's history, needs, and challenges. By evaluating its performance in fulfilling its responsibilities, the board can recognize its achievements and reach consensus on which areas need to be improved.

Adapted from Ingram, Richard T., *Ten Basic Responsibilities of Nonprofit Boards* (BoardSource, 1996) and from *Meeting the Challenge An Orientation to Nonprofit Board Service*, a video hosted by Ray Suarez (BoardSource, 1998).

Taken from the "Club Leadership Development Notebook" a publication from BoardSource. For more information about BoardSource write to 1828 L Street NW, Suite 900, Washington, DC 20036-5114. Telephone (202) 452-6262. Fax: (202) 452-6299, email: [mail@boardsource.org](mailto:mail@boardsource.org), website: <http://www.boardsource.org>. Copyright 2000. Used with permission.

## CREATING POLICY

### **What is a policy?**

Policies are the operational guidelines for a Club. The purpose of the policies is to protect and steer the staff and the board as they fulfill the mission of the organization. They are a reference tool for appropriate action, ethical decision making, and for dealing with potential or actual conflicts. Policies can paraphrase a law, explain a procedure, clarify a principle, or express a desired goal. They are the protocol to follow which, when properly used, helps diminish embarrassing or potentially harmful situations, improper behavior, and ineffective decision-making.

### **Bylaws**

The primary policies for an organization are most likely found in its original bylaws. These policies define the role of the board members, how they are elected, how they function during board meetings, and how their work is structured. Also, the bylaws clarify how amendments are made to the original document: Bylaws are an evolving document that needs to be reviewed by the board on a regular basis – usually every two years. However, bylaws normally only create the very basic structure for operative functioning. This document should not be cluttered by every conceivable rule and recommendation.

### **How are policies created?**

#### ***Proactive process***

New policies are regularly needed to deal with situations that arise in the life of an organization. Ideally policy development is a proactive process which foresees eventual conflict situations and thus provides a firm, existing guideline for the staff and the board. Many difficult situations can be avoided if an appropriate policy is already in place to serve as a reference.

#### ***Teamwork***

Both staff and board can be involved in policy formulation. However, the final ‘blessing’ is the task of the board. The board signs each policy to show its responsibility for the organization. Often staff recommends new policies or identifies a need for them. Coach/staff involvement in the process is important as they ultimately will be implementing many of them.

#### ***Research***

Drafting and assessing the applicability of new policies takes research, brainstorming, and team effort. It is necessary to know legal requirements as well as to stay tuned to new societal trends. Before voting on a specific policy, the board should accumulate facts and recommendations from knowledgeable sources, deliberate and take a clear position, and afterwards enforce the policy, and revise it as a need arises.

### **Board policy manual**

The secretary is responsible for keeping all board records easily accessible and up-to-date. A board policy manual is a reference manual that contains all adopted policies in a chronological order. This manual is also an excellent tool for new board member orientation.

## POLICY SETTING FOR BOARDS

Boards should have policies covering each of their areas of responsibility. For example, if the board is responsible for fiscal oversight, it should reflect on the parameters of that oversight and determine guidelines for the staff. These guidelines, which will ensure that funds are managed responsibly, become board policy.

1. **Mission and Purpose:** State that the board reviews regularly the mission.
2. **Select and Support the Head Coach:** This policy establishes responsibility and a mechanism for a head coach appraisal and consequences for good/poor performance.
3. **Approve and Monitor Programs and Services:** This policy establishes effectiveness measures and quality criteria for services.
4. **Ensure Adequate Resources:** These policies state target ratios between income and expenses, percentages of funds generated by board, staff, programs, members, etc.
5. **Ensure Effective Fiscal Management:** These policies establish the elements and structure of the budget, board oversight on the budget, investment criteria and values, frequency and parameters of board oversight of expenses.
6. **Engage in Strategic Planning:** This policy states the frequency of the board's involvement in setting direction, establishing priorities, formulating a plan, and board/staff responsibility for implementing it.
7. **Carefully Select and Orient New Board Members:** These policies determine board composition, the process for election to the board, and board orientation.
8. **Understand the Relationship between Board and Staff:** This policy guides board behavior toward senior staff, particularly in regard to staff who serve committees.
9. **Enhance the Club's Public Image:** This policy guides board and staff behavior on public speaking, relationship with the media, public relation efforts and designated official spokesperson(s) for the club.
10. **Organize Itself so that the Board Operates Efficiently:** These policies define the role of committees, relationship between committees and board, how meetings are conducted, decision-making and recording processes, and executive session rules.
11. **Ensure Sound Risk Management:** These policies establish what represents a conflict of interest, states directors and officers liability insurance, describe areas of vulnerability and exposure for the club and board, and guides fulfillment of board's oversight role.

Adapted from M.M.P. Associates

## TYPES OF POLICIES

An organization must identify the policies necessary to direct its activities and decision-making. Here is a sample, but by no means an exhaustive list of policies that can prepare the organization to function in a more effective and accountable manner.

### **Board-related policies**

Eligibility, powers, duties  
Election of officers  
Conflict of interest  
Code of conduct  
Confidentiality  
Compensation  
Reimbursement:  
    travel  
    expenses  
Personal contribution  
Meeting attendance  
Indemnification  
Diversity  
Term limits  
Removal from office  
Nepotism, fraternization  
Media/public relations

### **Personnel policies**

Equal employment  
Anti-harassment  
Substance abuse  
Performance review  
Personnel files  
Working schedules:  
    working hours  
    overtime  
    flex-time  
    inclement weather  
Compensation and benefits:  
    paid/unpaid leave  
    deferred compensation  
    severance pay  
    displacement expenses  
    travel expenses  
Disciplinary issues:  
    termination  
    grievances  
Nepotism  
Personal appearance  
Personal phone/email/web  
usage

### **Financial policies**

Investment:  
    asset mix  
    asset quality  
    diversification  
    cash flow  
    risk management  
Reserves  
Acceptance of gifts  
Fiscal period  
Audits  
Signing of checks  
Endowment management

### References

- Andringa, Robert and Ted Engstrom. Nonprofit Board Answer Book. (NCNB, 1998).*  
*Effective Governance. (NCNB, 1996).*  
*Fletcher, Kathleen. The Policy Sampler: A Resource for Nonprofit Boards. (NCNB, 2000).*  
*Zeitlin, Kim and Susan Dorn. The Nonprofit Board's Guide to Bylaws: Creating Framework for Effective Governance. (NCNB, 1996).*

## SHARING NONPROFIT LEADERSHIP

The following are examples of typical board and staff leadership roles in nonprofits:

### **The board takes the lead, for example, when it**

- Articulates the guiding values of the club through policies that put the club's mission into action;
- Hires, supports, and evaluates the head coach;
- Opens the doors to fund raising in the community;
- Monitors fiscal management, approves the annual budget, and assures that there is an annual audit; and
- Selects, recruits, and orients new trustees.

### **The head coach takes the lead when he or she**

- Develops and proposes policy questions for the board's consideration;
- Hires, supervises, and motivates staff; and
- Develops and implements programs.

### **The board, board chair, head coach, and staff share the lead when they**

- Develop a strategic plan;
- Create a fund-raising plan and strategies;
- Initiate and implement periodic club evaluations;
- Prepare for board meetings.

## HOW YOUR BOARD CAN GOVERN MORE AND MANAGE LESS

1. Develop a strategic plan and adhere to it.
2. Link the current agenda to the strategic agenda.
3. Monitor the success of the club's initiatives
4. Develop clear expectations and a plan of action for the board of directors.
5. Encourage the head coach to think strategically.
6. Prepare materials and structure meetings to direct the board's attention to matters of policy and strategy.
7. Develop and use a consent agenda.
8. Determine priorities and organize the agenda accordingly.
9. Assess the performance of the board on a regular basis.
10. Focus on policy objectives, club strategy, and the relationship between budgets and priorities.
11. Assess the head coach.

Adapted by M.M.P. Associates from Chait, Richard, *How to Help Your Board Govern More and Manage Less* (BoardSource, 1993).

## THE BOARD/STAFF PARTNERSHIP, PART 1

### Characteristics of an Effective Board-Staff Partnership

- Common Expectations
- Cooperative Planning
- Open and Honest
- Communications
- Respect
- Mutual Evaluation



...result in a clear and  
common understanding of...

- Where We Are Going
- Why
- How We Will Get There
- How We Will Know We Have Arrived

### Factors Conducive to an Effective Board-Staff Partnership

Club health depends on an effective and flexible partnership between the board and the head coach. It ...

- Requires clarity and agreement about roles and responsibilities,
- Requires regular and open communication between the board chair and the head coach, as well as an agreement about how to work together,
- Requires a willingness on everyone's part to clarify their own and each others' assumptions,
- Benefits from regular and systematic feedback and assessment,

May need to be redefined as the club develops in size and complexity.

## THE BOARD/STAFF PARTNERSHIP, PART 2

### The Board

*Authorized by the state* and the club's supporters, the board governs the life of the club (not the "life out of...").

- Establishes mission and direction, ensures the necessary resources, and develops guiding principles.
- Retains ultimate responsibility and power.
- Is accountable to the public trust and to the club's constituencies.

### The Head coach

*Authorized by the board*, the head coach manages the daily affairs of the club.

- Supports the board with strategic information, ideas, and connections.
- Manages the affairs of the club by ensuring appropriate planning, coordination, and implementation of the program established by the board to support the mission.
- Retains immediate, or operational, responsibility and power.

### The Partnership

Club health depends on an effective **partnership** between the board and head coach, which

- Requires regular and open communication between the board chair and head coach,
- Requires willingness on everyone's part to examine assumptions,
- Benefits from regular and systematic feedback and assessment, and
- May need redefinition as the club grows in size and complexity.

Requirements for an Effective Partnership
<input type="checkbox"/> Clarity of Roles
<input type="checkbox"/> Division of responsibilities
<input type="checkbox"/> Attention to working relationships

## WHO DOES WHAT?

Listed below are responsibilities typically carried out in most nonprofit clubs. If primarily the board carries out the responsibility, indicate that by writing "board" in the space provided. If primarily the staff carries out the responsibility, indicate that by writing "staff" in the space provided. If both the board and the staff carry out the responsibility, indicate that by writing "both" in the space provided.

- \_\_\_\_\_ Hires, supports, and evaluates the head coach
- \_\_\_\_\_ Develops and implements programs
- \_\_\_\_\_ Makes a personal, financial contribution to the club
- \_\_\_\_\_ Prepares for board meetings
- \_\_\_\_\_ Develops and proposes policy questions about undertaking new programs
- \_\_\_\_\_ Identifies, recruits, orients, and involves new board members
- \_\_\_\_\_ Ensures that adequate financial controls are in place
- \_\_\_\_\_ Creates a fund-raising plan and strategies
- \_\_\_\_\_ Develops and monitors adherence to personnel policies
- \_\_\_\_\_ Approves the annual budget reflecting the club's goals and policies
- \_\_\_\_\_ Promotes the club in the community
- \_\_\_\_\_ Reviews the club's policies, procedures, and bylaws
- \_\_\_\_\_ Develops a strategic plan and monitors the club's initiatives against it
- \_\_\_\_\_ Determines the club's mission and purpose
- \_\_\_\_\_ Monitors income and expenses on a daily basis
- \_\_\_\_\_ Serves as a liaison and provides information to board committees

## “WHAT IFS...”

### Instructions to Participants

For each of the following scenarios:

1. Identify the issues.
2. Recommend what the staff should do.
3. Recommend what the board chair should do.
4. Do other board members have a responsibility? What is it?

#### “What If ..” Number 1:

A member of the staff has concerns about the head coach's management of certain financial matters. One or two others on staff share her concerns. The staff member decides to approach a board member with whom she has worked on program matters to report her suspicions. The board member wonders what to do with this information.

#### “What If ..”.Number 2:

At a recent board meeting, a board member began to question a series of decisions made by the head coach, complaining that policy matters were involved and the board was not properly consulted. The board member has expressed his lack of confidence in the head coach to a number of others on the board. Although most of the rest of the board feels the head coach does a good job, a number think the board should have been consulted about these particular decisions. At the meeting, they do not speak up.

#### “What If ..”.Number 3:

A disgruntled parent complains to a board member about a coach's decision. The board member calls the board president and insists that the president speak to the coach. The board member also calls the coach “just to let him know” about the disgruntled parent. The president waits until the next board meeting and discusses the issue with the entire board.

## II. Operating the Club Board

### BUILDING THE BOARD MEETING AGENDA

#### To improve meeting productivity:

1. Relate specific agenda items to the larger goals of the club. Ask what this has to do with achieving the club's goals.
2. What are the two or three questions that must be addressed once an item is placed on the agenda? What information will the board need to answer those questions?
3. Is the board giving advice or approval?
4. Arrange the agenda to allow important issues to be addressed at the meeting.
5. Establish a consent agenda that includes routine actions requiring the board's approval. All items on the consent agenda are grouped together and it requires one motion to approve them. (A board member can ask to have an item removed from the consent agenda and added to the regular agenda.)
6. Mark agenda items that need a decision "Action Item."
7. Set time limits for each agenda item.
8. Committees should report only when they need guidance or action from the board or when they have completed an assignment. Written reports that serve as updates do not need to be presented aloud. They should be distributed with the agenda in advance of the meeting.

#### To help meetings run smoothly:

- Distribute agendas with supporting documents at least one week prior to the meeting.
- Insist that people come to the meetings prepared.
- Begin and end meetings on time.

## CONSENT AGENDAS

A consent agenda is a nifty parliamentary trick that packages routine items together for board approval but NOT discussion. Items most often appropriate for the consent agenda include bylaws, financial reports, meeting dates, board member nominations, contracts under a specified amount, etc.

The consent agenda avoid creating a permanent "rubber stamp" board by allowing any board member to have an item removed from the consent agenda if he/she thinks it warrants discussion. Of course, this requires that board members receive supporting materials well in advance of the meeting.

- **What is a consent agenda?**

A consent agenda is a component of a meeting agenda that enables the board to group routine items and resolutions under one umbrella. As the name implies, there is a general agreement on the procedure. Issues in this consent package do not need any discussion before a vote. Unless a board member requests a removal of an item ahead of time, the entire package is voted on at once without any additional explanations or comments. Because no questions or comments are allowed on the content, this procedure saves time.

- **What items should be included in a consent agenda?**

Routine, standard, non-controversial, and self-explanatory are adjectives that well describe consent agenda items. Here are some examples:

- Minor changes in a procedure (E-mail is added as an acceptable method of communication to announce a change in a meeting schedule)
- Routine revisions of a policy (Essential change of dates)
- Updating documents (Address change for the main office)
- Standard contracts that are used regularly (Confirmation of using the traditional in-house contract with a new vendor)
- Confirmation of conventional actions that are required in the bylaws (Signatory authority for a bank account or acceptance of gifts)

Committee and previous board meeting minutes

## CONSENT AGENDAS (continued)

### **How do we make a consent agenda function efficiently?**

Information on the items to be included in a consent agenda is distributed to board members well ahead of the meeting. This allows thorough examination of the routine items without using up valuable meeting minutes.

If a board member has a question, he or she can contact a referenced colleague to clarify a concern. If this is not helpful enough, during the meeting before a vote, any board member may request that an item from the consent agenda be removed and discussed separately. To keep the process intact and efficient, this is the only comment allowed concerning the contents of a consent agenda. To streamline the process even more, board members could be invited to contact the board chair prior to the meeting to request that an item be removed.

### **What precautions need attention?**

As consent agendas are not yet automatically included in meeting procedures, their use needs to be well explained to all board members to ensure that everyone understands both the rationale and the steps involved. To achieve the objective of a consent agenda - to save valuable discussion time for meaningful issues - it is important to make sure that board members receive support materials well before voting, and that they familiarize themselves with the details. When putting the agenda together, the board chair and the head coach need to pay special attention to include only items that are suitable for mechanical processing. Board members need to be vigilant so that debatable issues do not accidentally pass through without appropriate deliberation.

**SAMPLE CONSENT AGENDA**

**CLUB BOARD OF DIRECTORS MEETING AGENDA**

**DATE** \_\_\_\_\_

- A. Welcome and Introductions (if necessary)
- B. Any special recognition or announcements
- C. Consent Calendar (Agenda)
  - 1. Minutes of the previous board meeting
  - 2. Board Chair's Report
  - 3. Coach's Report
  - 4. Finance Committee Report
  - 5. Audit Committee Report
  - 6. Routine Approvals
  - 7. Routine Reports
  - 8. Routine correspondence
- D. Governance Committee Proposals for Consideration
  - 1. Proposal of New Board Member Orientation Program
  - 2. Approve revised Committee Descriptions
  - 3. Consider Document revisions
  - 4. Consider undertaking a board self-assessment
- E. Review and Update of Major Program Strategies – 2006 to 2007
- F. Approve Coach Succession Plan
- G. Major Discussion: New Cooperative Programs /Strategic Alliances with other Clubs
- H. 'Board Development Moment'
- I. What have we done in today's meeting toward accomplishing our mission??

## MINUTES CHECKLIST

Minutes are the permanent record of the proceedings of a meeting and need to be clear, accurate, brief, and objective. Minutes include the basic following items:

- Date, time, and place of the meeting.
- Name of the person who chaired the meeting (usually the board chair).
- Names of members present, excused, and absent without notification.
- Existence or absence of a quorum.
- All rulings made by the board chair.
- All proper motions, including the name of the mover and the seconder.
- Results of all votes taken.
- Names of any persons abstaining from any vote.
- List of all reports and documents introduced during the meeting (copies of reports attached to the official minutes).
- Summary of significant points raised during discussion but not a verbatim account of speeches.
- Any commitments made by officers or any other person present.
- Time of adjournment.
- Signature of the meeting secretary.
- Sometimes minutes include a brief addendum showing required follow-up activities which also identifies the person responsible for the action and the date by which it will be completed.

From *10 Minutes to Better Board Meetings* by the Planned Parenthood Federation of America, Western Regional Office.

## ASSUMPTIONS ABOUT “THE RIGHT MODEL OF GOVERNANCE”

1. There is no “right model” that fits every organization and not even a model that will necessarily be right for the same organization at different times in its history.
2. Although every organization is unique, and there is no one-size-fits-all model to governance, there are fundamental responsibilities that hold true for almost every board.
3. How boards and board members actually fulfill their responsibilities will vary depending on the organization’s size, structure, and history.
4. No generic model of board size, composition, or structure has proven itself viable in all circumstances. On the other hand, a body of knowledge has evolved that argues for certain structures, policies and practices that consistently work better than others.
5. All organizations undergo a metamorphosis that calls for periodic evaluation, fine-tuning, and sometimes major overhaul of their governance structures. Organizational performance, like human performance, is cyclical in effectiveness and needs renewal as it evolves over time.
6. Boards and board members perform best when they exercise their responsibilities primarily by asking good, timely questions rather than by managing programs or implementing their own policies. The relationship between the board and staff tends to be strongest when expectations are mutual and responsibilities are clear.

*Adapted from Ingram, Richard T., Ten Basic Responsibilities of Nonprofit Boards (NCNB Revised 2002)*

## RESPONSIBILITIES OF THE BOARD CHAIRPERSON

1. Serves as the chief volunteer officer of the organization.
2. Is a partner with the coach in achieving the organization's mission.
3. Provides leadership to the board of directors, who set policy and to whom the coach is accountable.
4. Chairs meetings of the board after developing the agenda with the executive director.
5. Encourages the board's role in strategic planning, financial accountability, fund raising, evaluation of the coach, and evaluation of program performance.
6. Appoints chairpersons of committees.
7. Serves *ex officio* as member of committees and attends their meetings when possible.
8. Discusses issues confronting the organization with the coach.
9. Helps guide and mediate board actions with respect to organizational priorities and governance concerns.
10. Reviews with the coach any issues of concern to the board.
11. Evaluates the effectiveness of board members.
12. Performs other responsibilities assigned by the board.

## THE LEADERSHIP ROLE OF THE BOARD CHAIR

1. **Build Participation**  
Share information with officers, committee chairs and others in leadership positions  
Create a relaxed, natural environment in meetings and other exchanges  
Involve and support staff
2. **Acquire and Communicate Information**  
Stay informed  
Keeps others informed  
Communicate concisely accomplishments and failures
3. **Evaluate Performance**  
Assess the performance of the board  
Coordinate and participate in the performance evaluation of the chief executive  
Recognize and acknowledge good performance
4. **Delegate**  
Know the board's role and the staff's role, and delegate accordingly  
Expect reports and periodically assess progress  
Share the credit and share the risk
5. **Raise Funds**  
Be a role model for staff and other board members  
Provide leadership in activities and events  
Personally contribute
6. **Be Visible in the Community**  
Attend social functions  
Speak in public on behalf of the organization  
Be a consistent and open advocate for the cause
7. **Develop Board Leaders**  
Help identify his or her successor  
Designate and serve as a mentor to committee chairs  
Provide guidance and leadership to rising stars on the board

## OTHER OFFICERS' RESPONSIBILITIES

### Vice President

- Attend all board meetings and serve on the executive committee.
- Carry out special assignments as requested by the board chair and/or executive committee.
- Understand the responsibilities of the board chair and be able to perform these duties in his/her absence.
- Participate as a vital part of the board leadership.

### Secretary

- Attend all board meetings and serve on the executive committee.
- Maintain all board records, and ensure their accuracy and safety.
- See to it that all actions of board meetings are recorded in the minutes.
- Provide notice of meetings to the board and/or committees when such notice is required.
- Assume responsibilities of the president in the absence of the president and vice president.

### Treasurer

- Attend all board meetings and serve on the executive committee.
- Understand financial accounting for nonprofit clubs.
- Give regular financial reports to the board.
- Serve as financial officer of the club and chair of the finance committee.
- Manage, with the finance committee, the board's review of and action related to the board's financial responsibilities.
- Work with the head coach to ensure that proper financial reports are made available of the board on a timely basis.
- Assist the head coach in preparing the budget and submitting it to the board for approval.
- Oversee preparation and distribution of the annual audit, and answer board members' questions about the audit.

### Head Coach's General Responsibilities

- Develop a capable staff and orchestrate staff functions.
- Establish plans for club operations.
- Manage club resources.
- Represent the club in the community.
- Identify internal and external issues that will have an impact on the organization's strategic direction and accomplishments.
- Assist the board in its governance functions by providing information and guidance.

## MEETING ROLES

### Meeting Participants' Role

- Read the background material provided prior to the meeting. If you need clarification on any issue, call the board chair or the relevant committee chair.
- Be on time.
- Don't have side conversations.
- Be open to the ideas of others and listen.
- Speak up. Contribute your viewpoints to the discussion. Let your fellow members know what you're thinking.
- Help others stay on the subject.
- Take action on any personal responsibilities you have as the result of the meeting.

### The Board Chair's Role

- Be sure all meeting arrangements have been attended to.
- Start and end each meeting on time.
- Begin each meeting with a sentence or two about what you expect the meeting to achieve.
- Get the group's agreement to the agenda first. Be open to rearranging the agenda items.
- Strive to keep to the time frames, but be flexible enough to allow valuable discussion to continue.
- Let the group understand that you are impelled by your own commitment to the common objectives of the club.
- Be sure all members understand the issue under discussion.
- Provide opportunities for everyone concerned to have input into discussion. Encourage the reticent to contribute their thoughts.
- Seek clarification from the speaker if you do not understand an argument or reference.
- Be sure that individual members understand responsibilities being assigned to them during the meeting.
- See that each agenda item is acted upon.
- If you feel the meeting is stuck, ask yourself, "What is the business of the group right now?" and bring the group to focus on that business. Or ask the group for help.
- Express your satisfaction with the group's accomplishments.

From *10 Minutes to Better Board Meetings* by the Planned Parenthood Federation of America, Western Regional Office

## SHOULD THE COACH BE A VOTING BOARD MEMBER?

### What is the relationship between the Coach and the Board?

The Coach is the person who administers and manages the day-to-day existence of the organization and the board is the entity that governs it. The two have a close working relationship. The Coach informs the board on the status of the organization: its finances, program evolution, any challenges or break-through. The board relies on this information as it ensures effective organizational planning and as it assesses that overall performance of the organization. The board hires, fires and evaluates the chief executive. In practical terms, this makes the board the supervisor of the Coach.

### Statistics

A recent BoardSource survey reported that only 8% of the CEOs among the 1028 respondents were voting members of their boards, but the vast majority of CEOs attend board meetings in an advisory capacity.

### Benefits of voting rights

1. The Coach has a concrete method of voicing an opinion or a concern to the board.
2. The Coach feels he/she has earned the full trust of the board and can function as a peer.
3. Enhances the Coach's position of authority within the organization.
4. Strengthens the working partnership with the board

### Conflicts created by voting rights

1. May introduce a potential for conflict-of-interest.
2. May blur the distinction between the board's responsibilities and the Coach's responsibilities.
3. The Coach is a paid staff member; board members are volunteers working for the sole benefit of the organization.
4. Board assesses the Coach's performance and determines compensation.
5. Executive sessions often meet without staff members.
6. Membership in certain committees would be inappropriate.
7. Relationships between the Coach and certain board members may become strained if the Coach votes against a particular initiative or idea.

### Other issues to consider

1. What are the underlying reasons for the Coach requesting to become a voting member? Does he/she feel 'out of the loop' or that the board is showing lack of confidence?
2. How would the voting rights affect the relationship between the Coach and other staff members?
3. If the Coach becomes a voting member, the Club should establish clear policies on the Coach's participation on issues such as determining executive salary, evaluation procedures, etc.
4. Whatever the Coach's official status, his/her insights into the daily operations of the organization are essential to board decision making.

USA Swimming Club Leadership and Business Management School  
(Use only with permission)

**TALKING POINTS: INDIVIDUAL BOARD MEMBER RESPONSIBILITIES**

<b>General Expectations</b>	<ol style="list-style-type: none"><li>1. Know the club's mission, purposes, goals, policies, programs, services, strengths, and needs.</li><li>2. Suggest nominees for the board.</li><li>3. Serve in leadership positions or undertake special assignments willingly when asked.</li><li>4. Avoid prejudiced judgments on the basis of information received from individuals, and urge those with grievances to follow established policies and procedures through their supervisors.</li><li>5. Follow trends in the club's service areas.</li><li>6. Bring a sense of humor to the board's deliberations.</li></ol>
<b>Meetings</b>	<ol style="list-style-type: none"><li>1. Prepare for and participate in board and committee meetings, and other club activities.</li><li>2. Ask timely and substantive questions while supporting the majority decision.</li><li>3. Maintain confidentiality of the board's executive sessions.</li><li>4. Speak on behalf of the board when asked to do so by authorized persons.</li><li>5. Suggest agenda items periodically for board and committee meetings to ensure that significant policy related matters are addressed.</li></ol>
<b>Relationship with Staff</b>	<ol style="list-style-type: none"><li>1. Counsel the head coach as appropriate and offer support.</li><li>2. Avoid asking for special favors of staff, without prior consultation with chief executive, board chair, or committee chairs.</li></ol>
<b>Avoiding Conflict</b>	<ol style="list-style-type: none"><li>1. Serve the club as a whole, rather than special interest groups.</li><li>2. Avoid even the appearance of a conflict of interest, and disclose any possible conflicts to the board chair in a timely fashion.</li><li>3. Maintain independence and objectivity and do what a sense of fairness, ethics, and personal integrity dictate.</li><li>4. Never accept or offer favors or gifts from or to anyone who does business with the club.</li></ol>
<b>Fiduciary Responsibility</b>	<ol style="list-style-type: none"><li>1. Exercise prudence with the board in the control and transfer of funds.</li><li>2. Faithfully read and understand the club's financial statements and otherwise help the board fulfill its fiduciary responsibility.</li></ol>
<b>Fund Raising</b>	<ol style="list-style-type: none"><li>1. Give an annual gift according to personal means.</li><li>2. Assist the resource development committee and staff by implementing fund raising strategies through personal influence with others (corporations, foundations, individuals).</li></ol>

Adapted from M.M.P. Associates

## INDIVIDUAL BOARD MEMBER RESPONSIBILITIES

- Attend all board and committee meetings and functions, such as special events.
- Be informed about the club's mission, services, policies, and programs.
- Review agenda and supporting materials prior to board and committee meetings.
- Serve on committees and offer to take on special assignments.
- Make a personal financial contribution to the club.
- Inform others about the club.
- Suggest possible nominees to the board who can make significant contributions to the work of the board and the club.
- Keep up-to-date on developments in the club's field.
- Follow conflict of interest and confidentiality policies.
- Refrain from making special requests of the staff.
- Assist the board in carrying out its fiduciary responsibilities, such as reviewing annual financial statements.

### Personal characteristics to consider

- **Ability to**  
listen, analyze, think clearly and creatively, work well with individual people and groups.
- **Willingness to**  
prepare for and attend board and committee meetings, ask the right questions, take responsibility and follow through on a given assignment, contribute personal and financial resources in a generous way according to circumstances, open doors in the community, evaluate oneself.
- **Willingness to develop certain skills if you do not already possess them,**  
such as to cultivate and solicit funds; cultivate and recruit board members and other volunteers; read and understand financial statements; learn more about the substantive program area of the club.
- **Possess**  
honesty, sensitivity to and tolerance of differing views; a friendly, responsive, and patient approach, community building skills; personal integrity; a developed sense of values; concern for your nonprofit's development; a sense of humor.

*From Meeting the Challenge: An Orientation to Nonprofit Board Service*, video hosted by Ray Suarez  
(BoardSource, 1996).

Taken from the "Club Leadership Development Notebook" a publication from *BoardSource*. For more information about *BoardSource* write to 1828 L Street NW, Suite 900, Washington, DC 20036-5114. Telephone (202) 452-6262. Fax: (202) 452-6299, email: [mail@boardsource.org](mailto:mail@boardsource.org), website: <http://www.boardsource.org>. Copyright 2000. Used with permission.

## USEFUL CRITERIA FOR STRUCTURING COMMITTEES

### Size

As with the size of the board, committees should be large enough to provide sufficient critical mass to maintain momentum and small enough to ensure that all members will be able to participate. Each board committee must have at least three board members.

### Staffing

Each committee may have one staff member to provide information and, possibly, to serve as secretary to the committee. Staff roles in committees should be clarified to avoid misunderstanding and resentment.

### Membership

Ideally, every board member will serve on at least one or more committees. Committees can also have nonboard members as participants. Involving nonboard members expands the expertise and volunteer time, and it allows for participation by people who are not prepared to take on full board responsibilities. Committees are a good testing and training ground for potential board members.

### Duration

Committees may either be standing (permanent) or ad hoc (temporary). Ad hoc committees - frequently called task forces - are disbanded when they have completed their assignments.

### Charges

Each committee should have a specific charge (task, purpose, commission), as well as a time frame for completing that task. In addition, job descriptions for committee members and chairs also help define the committee's work and expectations.

### Chairs

Committee chairs set the tone for committee work, ensure that members have the information they need to do their jobs, and oversee the logistics of the committee's operation. As the committee's link to the board, committee chairs frequently consult with and report to the board chair and the full board when indicated.

## COMMON COMMITTEES

The board chair appoints the chairs of standing committees at or as soon as possible after the annual meeting and the chairs of ad hoc committees and task forces as the need arises (e.g., to conduct a self-evaluation of the club).

The board chair names the committee members after consultation with each committee chair and the chief executive. The special talents, abilities, and interests of each board member should be considered in making committee appointments; individual in the community who are not board members may often be well deployed as additional committee members, consultants, or advisors.

### Permanent or Standing- Committees

All committees must be clear about the club's goals and mission and be able to clearly state the role of the committee. It is advisable to limit the number of standing committees. The following list provides some common board committees and their general functions, but clubs need to develop a customized committee structure that addresses their current and future needs.

#### Executive Committee

- Includes board chair, other officers, and often committee chairs.
- When authorized by the board, attacks and solves problems between meetings.
- Usually meets between board meetings, or by call of the board chair if an issue needs to be decided; decisions are later ratified by the board.

#### Finance Committees

- Oversees expenditures; provides head coach with expenditure power within the budget, recommended by the committee and approved by the board.
- Assures internal controls, financial analysis, and independent audit. (Note: Increasingly, to ensure appropriate checks and balances, boards are separating the audit from general financial oversight and using a separate audit committee for the annual audit).
- Reviews and makes recommendations for the annual budget.

#### Board Development or Governance (Nominating) Committee

- Understands the club's mission and goals, and ensures that all board members do, as well.
- Develops and updates board members' responsibilities and/or job descriptions.
- Strives for a diverse and representative board.
- Identifies potential board members, maintains information about each candidate, cultivates and recruits new board members.
- Observes and evaluates potential leaders within the board.
- Conducts board orientation session for new board members.
- With the board chair, evaluates individual board member's commitment, support, and participation in governance duties and considers eligibility for re-election.

## COMMON COMMITTEES (continued)

### Resource Development Committee

- Plans and participates in ongoing and annual fund raising efforts.

### Other Temporary or Ad Hoc Committees and Task Forces

Apart from these standing committees, boards may designate other temporary or permanent committees as appropriate. Each committee needs to have clearly defined responsibilities. One of the benefits of such ad-hoc committees is that they are easy to dissolve; bylaws changes are not required. Examples of temporary committees include a head coach search committee, a club assessment task force, or a special events committee and the following committees:

### Planning Committee

- Reviews mission statement, prioritizes strategic issues, and updates long-range goals.
- Calls for a strategic planning process when needed.

### Program Committee

- Works closely with staff to develop, monitor, and evaluate programs to ensure consistency with club goals.
- Reviews cost and benefits of programs and activities.
- Recommends new program areas and proposes programs to be discontinued.

Note: The Program Committee has the potential to micromanage the programs, so the respective roles of board and staff need to be clearly defined. The Program Committee is sometimes rolled into the Planning Committee.

### Marketing and Public Relations Committee

- Develops and implements a public relations strategy to represent the club to the public.
- Designates the club's primary media spokesperson, and maintains biographical information about all board members for public relations purposes.

Adapted from *Nonprofit Board Committees: How to Make Them Work* by Ellen Cochran Hirzy (BoardSource, 1992).

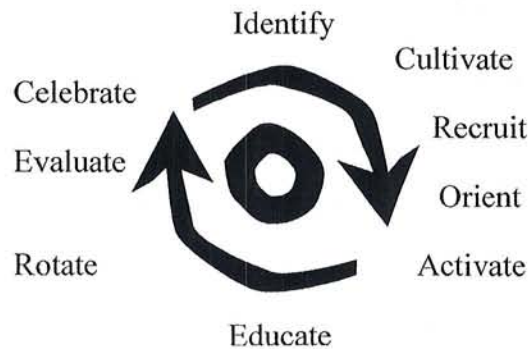
### TIPS FOR SUCCESSFUL COMMITTEES

1. Develop written statements of committee responsibilities, guidelines, and annual goals, and review and revise them periodically.
2. Appoint an effective chairperson who clearly understands the club, the role of the committee, and the importance of conscientious committee leadership.
3. Thoughtfully choose committee members whose experience, skills, and interest support the goals of the committee and complement the abilities of their fellow members.
4. Create written job descriptions for committee members. State expectations clearly. Distribute tasks reasonably among members.
5. Arrive at a clear understanding of the relationships and respective roles of board, committees, chief executive, and other staff.
6. Give committee members thorough information to aid in their decision making.
7. Make timely reports to the board on committee actions and recommendations, allowing the opportunity for members to consider the information before discussion.
8. Set terms of service for committee members to ensure new perspectives and to give board members the opportunity to contribute in different areas.
9. Set meeting schedules well in advance, in consultation with members. Make effective use of meeting time by sending materials and an agenda to members well ahead of scheduled meetings and by moving through the agenda in a businesslike way.
10. Schedule an orientation session for new committee members.
11. Conduct an annual evaluation to assess the committee's accomplishments in relation to its goals.
12. Recognize and express appreciation for the achievements of committee members.

Adapted from *Nonprofit Board Committees: How to Make Them Work* by Ellen Cochran Hirzy (BoardSource, 1992).

### III. Building the Future Club Board

#### THE BOARD BUILDING CYCLE



**Step 1: Identify** Board needs (Skills, knowledge, perspective, connections, etc., needed to implement the strategic plan). What do we have? What is missing? Identify sources of board members with the needed characteristics.

**Step 2: Cultivate** potential board members. Get them interested in your club and keep them informed of your progress.

**Step 3: Recruit** prospects. Describe why a prospective member is wanted and needed. Describe expectations and responsibilities of board members, and don't minimize requirements. Invite questions, and elicit their interest and preparedness to serve.

**Step 4: Orient** new board members to the club-program, history, bylaws, pressing issues, finances, facilities, club chart-and to the board-recent minutes, committees, board member responsibilities, lists of board members and key staff members.

**Step 5: Activate** all board members. Discover their interests and availability. Involve them in committees or task forces. Assign them a board "buddy." Solicit feedback. Hold everyone accountable. Express appreciation for work well done.

**Step 6: Educate** the board. Provide information concerning your mission area. Promote exploration of issues facing the club. Don't hide difficulties. Celebrate accomplishments.

**Step 7: Rotate** board members. Establish and use term limits. Do not automatically reelect for an additional term; consider the board's needs and the board member's performance. Explore advisability of resigning with members who are not active. Develop new leadership.

**Step 8: Evaluate** the board and individual board members. Engage the board in assessing its own performance. Identify ways in which to improve. Encourage individual self-assessment.

**Step 9: Celebrate!** Recognize victories and progress, even small ones. Appreciate individual contributions to the board, the club, and the community. Make room for humor and a good laugh.

## **CULTIVATE: MOTIVATION AND BOARDS**

We have already discussed by nonprofits need a board and what board members do. Why do board members volunteer their time, treasure, and talent? Board membership is - and should be - a significant commitment on the part of busy individuals. Before embarking on board recruitment and in working to keep current board members involved, board and staff need to understand and appreciate some of the underlying motivations behind board service.

### Motives That Lead Individuals to Join Boards

- Altruism and a concern for the public good
- Community status and/or public visibility and recognition
- Altruistic business interests
- Prestige-affiliation adding to stature, socially, professionally or otherwise
- Negative reasons, i.e., avoiding alienation for personal or business reasons
- "Get in there and run things"
- Counter an image that is attached to a person
- Desire for power

### Motives That Lead Boards to Determine Membership

- Commitment to children
- Immediate recognition by the public (providing a form of advertising)
- Politics
- Inclusivity (gender, race, age, geography, profession, etc.)
- Integrity
- Intelligence
- Courage to act

Adapted from *Directors and Trustees, A Candid Assessment of their Motivation and Performance* by Yngve Wessell Nils' (Vantage Press, 1998).

## **HOW AND WHERE TO FIND BOARD MEMBERS?**

### **Who to ask (about who would make a good board member)?**

- Colleagues
- Board members of other nonprofits
- The local media
- Chief executive, and other senior staff
- Board members
- Others?

### **Who to consider for board membership?**

- Current and prospective major donors
- Community leaders
- Executives of local or national corporations
- Owners of small businesses
- Individuals in professions related to the club's mission
- Those who have benefited from the club's services
- Other ideas?

### **Where to look for prospective board members?**

- Churches, synagogues, and other religious institutions
- Trade, professional, and fraternal associations
- Clubs representing various racial and ethnic groups
- Local colleges and universities
- Other ideas?

## BENEFITING FROM DIVERSITY

By understanding the power of diversity and by utilizing it appropriately, a nonprofit board possesses the basic tools for creating a responsive and open-minded club.

- **Defining board diversity**

Board members have a surprisingly demanding and varied job to do. Rarely can one board member fulfill most of the necessary functions. If that was the case, few boards would need more than two or three members. By focusing on defining board diversity in terms of skills and aptitude, we can create a structure for matching club needs with acceptable candidates. Various backgrounds and experiences (professional and personal, as well as cultural and ethical) add to the quality of the board.

Other important characteristics could include leadership skills, community involvement, public recognition, political connections, fund-raising capacities, and shared values and commitment. Familiarity with the Club's Movement and community can be important. Sometimes the presence of a few donors, professional insiders, customers and clients on board can positively benefit the Club. These examples all focus on maximizing the special value of each board member in the Club.

- **Why is a diverse board a benefit?**

- A homogeneous board may not always be ready to deal effectively with problems due to an inherent near-sightedness. Diversity on a board breeds varying opinions, approaches, attitudes, and solutions. It requires open-mindedness, curiosity, acceptance, and responsiveness, which can ultimately facilitate understanding and willingness to work together. This is clearly not the easiest way to force a group to make decisions but different or opposing backgrounds, cultures, beliefs, habits and norms can force a consensus-oriented approach to conflict management.
- Boards are often expected to represent the club's constituency. This is a way to create accountability and form a link with the constituents. A uniform board may not make the necessary effort to create this sense of community leadership.
- Diversity for the sake of diversity, even without pointed constituent representation, can form a base for innovation and creative thinking.
- A diverse board sends a message and sets a powerful example for the entire club.

## BENEFITING FROM DIVERSITY (continued)

- **How to avoid tokenism?**

Start with a firm commitment to diversity. Announce it; put it in writing. Creating a sense of ownership is difficult if recruitment of new board members is based on pure representation of a specific group in the constituency. No board member wants to fill a quota. No one should be required to—in fact, no one is able to—represent an entire subsection of the population. Board members contribute according to their skills and knowledge. Focus on the entity as a diverse mixture, not on individual representation.

To avoid the appearance of creating token positions, it is necessary to treat each board member equally. Expect the same from everyone; each board member, new or old, has the same responsibilities. Involve every new member immediately. Assign tasks independently of cultural or ethnic background. Recruit several members at the same time from the same group.

- **How to deal with dissent?**

Disagreement is a natural by-product of diversity. By cultivating acceptance toward differing opinions, it is possible to expand the base from which to make educated decisions. Seeking agreement on the broadest issues first creates a strong foundation for debate. The role of the board chair as a mediator cannot be over-estimated. At the end, however, it is important that each board member respects the democratic process and is able to represent the official position to the outside world.

- **Recruitment process**

It is difficult to create an effective recruitment strategy without first assessing the present composition of the board first. Establishing the profile of the existing board helps identify the missing links. The board development committee has a key role here. It should have a continuous pool of candidates at differing stages of cultivation so that when an opening needs to be filled or when it is time to expand the board size, the process is ready to deliver. Diversity among the board development committee members, naturally, is the key element for increasing the heterogeneity of the board.

## ACTIVATING BOARD MEMBERS

### Recruiting and Retaining a Diverse Board

1. Be prepared to devote time, attention, and consistent effort to board recruitment and retention.
2. Be honest in discussing the issues.
3. Build relationships that foster trust and alliances.
4. Look for skills as well as attributes in prospective board members.
5. Engage new members in meaningful activities based on their skills, talents, and interests.
6. Follow sound board development practices to create a positive working climate for all board members.

From *Building Board Diversity* by Jennifer Rutledge (BoardSource).

### Board Development Activities

1. A board self-assessment process that enables the board to comment on the strengths and weaknesses of its own performance.
2. A periodic review of the mission statement.
3. Special board training workshops on topics such as fund-raising, planning, and finances.
4. A well-planned discussion on a facet of the board's work, such as the committee structure, the content and conduct of board meetings, or how to increase board diversity.
5. Presentations by outside consultants or staff experts on trends in the Club's mission area.
6. A well-planned and carefully scheduled board retreat.
7. Governance workshops offered by management assistance providers.

From *Developing the Nonprofit Board: Strategies for Educating and Motivating Board Members* by Maureen Robinson (BoardSource, 1994).

### **BOARD DEVELOPMENT COMMITTEE TASKS**

1. Understands the club's mission and goals.
2. Develops/updates board member responsibilities (job descriptions).
3. Identifies potential board members and maintains information about each candidate.
4. Observes and evaluates potential leaders within the board.
5. Strives for a diverse, representative board.
6. Evaluates board members' eligibility for re-election.
7. Cultivates and recruits officers and new board members.
8. Judges objectively the qualifications of potential members.
9. Conducts board orientation sessions for new board members.
10. Plans ongoing board development programs for the board.

From The Nominating Committee: Laying a Foundation for Your Organization's Future by Ellen Cochran Hirzy (BoardSource).

### **SUGGESTED INDEX FOR BOARD MEMBER HANDBOOK**

Prior to or at the orientation, each new board member should receive a board manual that introduces them both to the Club and the board. Although some of this information may have been provided previously to the new board member, the board manual should contain the following written materials and be updated annually:

1. Articles of Incorporation
2. Most recently updated Bylaws
3. History/mission of the Club
4. List of current board members; contact information, terms, committee assignments, etc.
5. Roles and responsibilities of the collective board, including legal, ethical and fiduciary responsibilities
6. Individual board member job description
7. Other Legal documents
8. Conflict of Interest Policy
9. Most recent Audit; approved budget, financial statements
10. The Club's strategic framework/plan, major goals, priorities, mission, vision, values
11. Overview of programs and services
12. Staff information – position, contact information
13. Information on committees, committee assignments, and orientation program
14. Minutes of Previous Year's Board Meetings
15. Dates of future board meetings
16. Other items pertinent to the organization

**BOARD PROFILE WORKSHEET  
 EXPERTISE/SKILLS/PERSONAL DATA**

This worksheet can be adapted by organizations to assess their current board composition and plan for the future. The governance committee can develop an appropriate grid for the organization and then present its findings to the full board.

In considering board building, an organization is legally obligated to follow its bylaws, which may include specific criteria on board size, structure, and composition. Or the bylaws may need to be updated to incorporate and acknowledge changes in the environment and community that have made changes in the board structure necessary or desirable.

Remember, an organization will look for different skills and strengths from its board members depending on its stage of development and other circumstances.

	Current Members						Prospective Members					
	1	2	3	4	5	6	A	B	C	D	E	F
<b>Age</b>												
Under 18												
19 - 34												
35 - 50												
51 - 65												
Over 65												
<b>Gender</b>												
Male												
Female												
<b>Race/Ethnicity/Disability</b>												
African American/Black												
Asian/Pacific Islander												
Caucasian												
Hispanic/Latino												
Native American/Indian												
Other												
Disability												
<b>Resources</b>												
Money to give												
Access to money												
Access to other resources (Clubs, corporate support)												
<b>Community Connections</b>												
Religious organizations												
Corporate												
Education												
Media												
Political												
Philanthropy												
Small business												

USA Swimming Club Leadership and Business Management School  
*(Use only with permission)*

Social services																				
Other																				
<b>Qualities</b>																				
Leadership skills																				
Willingness to work																				
Personal connection with the organization's mission																				
<b>Personal Style</b>																				
Bridger																				
Proclaimer																				
Strategist																				
Visionary																				
<b>Areas of Expertise</b>																				
Administration/Management																				
Entrepreneurship																				
Financial Management																				
Accounting																				
Banking and trusts																				
Investments																				
Fund-raising																				
Government																				
International affairs																				
Law																				
Marketing, Public relations																				
Human resources																				
Strategic planning																				
Physical plant (architect, engineer)																				
Real Estate																				
Representative of clients																				
Special program focus (education, health, public policy, social services)																				
Technology																				
Other																				
<b>Number of years (or terms) on the board</b>																				

**BOARD ORIENTATION CHART**

Information	Issues	Presentation Options
<b>About the Club</b>		
Program	Offer new board members a feel for the work of the club-What it does, whom it serves, what difference it makes to get them emotionally and intellectually connected and motivated	<ul style="list-style-type: none"> <li>• Tour of facilities</li> <li>• Observation of/participation in program activities</li> <li>• Presentation by client, member, or program participant</li> <li>• Videos, slides, film presentation</li> <li>• Verbal presentations</li> <li>• Written materials</li> </ul>
Finances	Help new board members become informed about where money comes from, how it is spent and the state of the club's financial health.	<ul style="list-style-type: none"> <li>• Presentation by chief executive, chief financial officer, or treasurer</li> <li>• Background materials (most recent audit, budget, financials), graphically presented if possible</li> </ul>
History	Provide sufficient knowledge about the past so that the present makes sense. Also, help them see their own participation as part of the club's ongoing story	<ul style="list-style-type: none"> <li>• Stories told by "old timers"</li> <li>• Pictures</li> <li>• Written materials</li> </ul>
Strategic Direction	Present a framework for new members to participate effectively. Clarify the mission, vision, club values, and goals that inform club actions	<ul style="list-style-type: none"> <li>• Presentation/discussion led by the chief executive or board chair</li> <li>• Copy of strategic plan (or other documents, especially mission statement, if no plan is available)</li> </ul>
Club Structure	Help new board members understand who does what and what the lines of accountability are.	<ul style="list-style-type: none"> <li>• Copy of the bylaws, IRS Determination Letter</li> <li>• Club chart</li> <li>• Introduction to key staff members</li> </ul>
<b>About the Board</b>		
Board Roles	Assure that new members understand the roles of the board	<ul style="list-style-type: none"> <li>• Presentation/discussion, preferably with the whole board involved</li> <li>• Written materials</li> </ul>
Board Member Responsibilities	Assure that new board members understand their own responsibilities as board members	<ul style="list-style-type: none"> <li>• Presentation/discussion</li> <li>• Signed agreement (job description), including conflict of interest and ethical statements</li> </ul>
Board Operations	Help new board members understand how the board operates so that they may participate effectively	<ul style="list-style-type: none"> <li>• Board manual</li> <li>• Board mentors</li> <li>• Committee lists, with committee charges and member lists</li> <li>• Meeting schedule</li> </ul>
Board Members	Facilitate new board member integration with other members	<ul style="list-style-type: none"> <li>• List of board members</li> <li>• Board member biographical data</li> <li>• Time set aside for social interaction</li> </ul>

Taken from the "Club Leadership Development Notebook" a publication from *BoardSource*. For more information about *BoardSource* write to 1828 L Street NW, Suite 900, Washington, DC 20036-5114. Telephone (202) 452-6262. Fax: (202) 452-6299, email: [mail@boardsource.org](mailto:mail@boardsource.org), website: <http://www.boardsource.org>. Copyright 2000. Used with permission.

## WHY HOLD A BOARD RETREAT?

National events make it evident that nonprofit board members are facing unprecedented challenges to traditional thinking about boards – their structure, their practices, and their long held ‘traditions’. To face these challenges, board retreats have become even more important in the practice of effective governance.

### Importance of a Board Retreat

1. “Best Practice” is for a board to hold an annual board retreat for board members and key staff.
2. A retreat highlights the importance of ‘single focus’ so board members can concentrate on issues requiring more time and in depth study.

### Benefits of a Retreat

1. An opportunity for planning and team-building both with-in the board and often leads to clarification of respective roles of the board and staff that the press of regular board activities simply won’t allow;
2. A chance to refocus on fundamentals, to engage in thoughtful strategic thinking and planning, to reflect on mission, vision, values, and strategic goals;
3. Serves as an effective orientation and inclusion process for new board members;
4. Provides the opportunity to strengthen board performance and grow professionally by sharing information, insight and experience with fellow board members;
5. A vehicle for strengthening trust and relationships among board members, between board and staff, or for pulling together a divided board on a critical issue;
6. A context for discussing challenges, issues, and developing new ideas for programs, services, and/or improvements;
7. Enhances communication in ways that have the potential to stimulate further growth;
8. A time to conduct a self assessment of the board and its structures and operations; and
9. Time to have fun and enjoy each other.

### Importance of Leadership Commitment for a Board Retreat

11. The board chair strongly endorses the retreat and becomes involved in the planning process.
12. The chair appoints a retreat planning committee, or specifically charges a standing committee with retreat-preparation responsibility.
13. The retreat is planned far enough in advance so a date can be selected when most board members will be available.
14. The chief staff executive becomes personally involved in the planning process.
15. The retreat planning committee seeks board members’ input through pre-retreat interviews or questionnaires and past retreat evaluations and suggestions.
16. The board allocates a sufficient budget so that the retreat’s purposes aren’t compromised by inadequate facilities or support.

Taken from the “Club Leadership Development Notebook” a publication from *BoardSource*. For more information about *BoardSource* write to 1828 L Street NW, Suite 900, Washington, DC 20036-5114. Telephone (202) 452-6262. Fax: (202) 452-6299, email: [mail@boardsource.org](mailto:mail@boardsource.org), website: <http://www.boardsource.org>. Copyright 2000. Used with permission.

USA Swimming Club Leadership and Business Management School  
(Use only with permission)

17. Board members commit the time to prepare for and attend the retreat, recognizing that the retreat is just as important – if not more important - than participation in other board functions.

**Issues to consider in holding a Board Retreat**

1. Should we have a facilitator? If so, what is his/her role?
2. Participants – Who Should Be Invited?
3. Set the date early so that all board members are able to attend.
4. Location, location, location!!
5. How long should the retreat be?
6. Pre-retreat preparation? Reading?
7. Retreat Follow-up

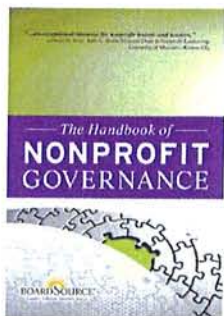
Six Governance Series books on previous page:

### **The Governance Series with The Source**

**Member Price \$88.00**

**Regular Price \$142.00**

Publication Date: 2009 Number of Pages: 638 Item Number: 394



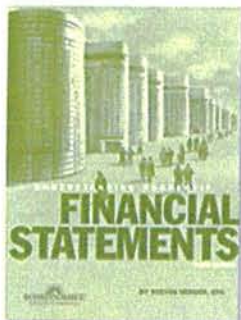
### **The Handbook of Nonprofit Governance**

By: BoardSource

**Member Price \$69.00**

**Regular Price \$99.00**

Nonprofit leaders have asked BoardSource to create the definitive governance handbook. You will want to keep this comprehensive overview within reach at all times so you can refer to it whenever you have a governance question. The Handbook of Nonprofit Governance explores the principles and practices followed by effective nonprofit boards.



### **Understanding Nonprofit Financial Statements, Third Edition**

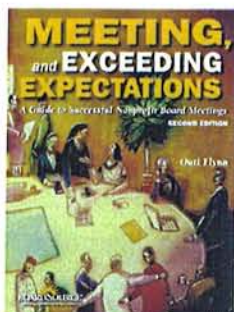
By: [Steven Berger](#)

**Member Price \$34.00**

**Regular Price \$51.00**

Our no-nonsense explanations will help you quickly understand complicated financial concepts so that you are equipped to perform your legal and fiduciary responsibilities, to set realistic financial goals, and to determine your organization's performance. The third edition of this best-selling title has been thoroughly updated to reflect changes in financial practices and rules. It has been expanded to include practical tips for board members and a comprehensive glossary. It also includes a CD-ROM with a ready-made presentation designed to help your entire board understand and review the organization's finances.

Book w/ CD-ROM Publication Date: 2008 Number of Pages: 65 Item Number: 365



### **Meeting, and Exceeding Expectations: A Guide to Successful Nonprofit Board Meetings, Second Edition**

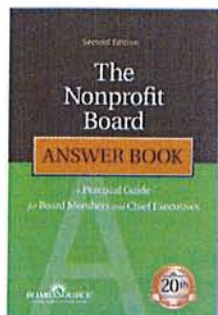
By: [Outi Flynn](#)

**Member Price \$34.00**

**Regular Price \$51.00**

Are your board meetings inspiring, productive, and efficient? Or are your board meetings tedious, unproductive, and dominated by one or two people? Do they leave board members wondering why they volunteered in the first place? In Meeting, and Exceeding Expectations, you'll find ready-to-use information that will help your board members provide the valuable input that will propel your organization to greatness. This must-have resource poses critical questions, provides easy-to-implement answers, suggests tools, and clarifies legal and ethical expectations. It also shows you how to insert some fun into your meetings.

Publication Date: 2009 Number of Pages: 141 Item Number: 372



### **The Nonprofit Board Answer Book, Second Edition: A Practical Guide for Board Members and Chief Executives**

By: BoardSource

**Member Price \$30.00**

**Regular Price \$45.00**

The second edition of this best-selling, indispensable resource contains 80 questions and answers — a wealth of information about board structure and process, meetings, board composition, orientation, board-staff relations, financial management, and much more. The book offers insight gained from hundreds of board self-assessments and questions and challenges from thousands of nonprofit leaders. Written in an easy-to-use questions-and-answer format, it includes action steps, examples, and worksheets.

Publication Date: 2007 Number of Pages: 328 Item Number: 359

**Resource Information from BoardSource (<http://www.boardsource.org>) Yearly Membership \$99**  
Governance Series of books: Regular Price \$27 each / BoardSource member price \$18 each

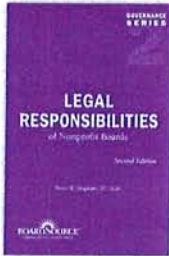


### **Ten Basic Responsibilities of Nonprofit Boards, Second Edition**

By: [Richard T. Ingram](#)

BoardSource's all-time bestseller, with more than 175,000 copies sold, not only explores the board's 10 core responsibilities, it also puts them into the context of the governance challenges facing nonprofits today. This new, expanded edition clarifies and distinguishes the board's responsibilities from those of the chief executive and senior staff. In addition, it includes two appendixes, one covering the individual responsibilities of board members and the other providing a sample self-assessment for individual board members.

Publication Date: 2009 Number of Pages: 90 Item Number: 531



### **Legal Responsibilities of Nonprofit Boards, Second Edition**

By: [Bruce R. Hopkins](#)

Board members have a fiduciary duty over the organization and its resources. This book provides a preliminary understanding of the nonprofit legal landscape delivered in easy-to-understand terms. It discusses the concept of fiduciary responsibility, summarizes strategies for protecting board members from personal liability, and outlines the policies and procedures that, increasingly, are becoming best practices within the sector. It also includes an appendix with several samples of recommended board policies and a glossary of legal terms and concepts.

Publication Date: 2009 Number of Pages: 86 Item Number: 532



### **Financial Responsibilities of Nonprofit Boards, Second Edition**

By: [Andrew S. Lang](#)

While nonprofit success is measured in more than just dollars, board members must maintain a close eye on the financial direction of the organization and its economic stability if they are to truly fulfill their fiduciary responsibility. This book uses nontechnical language to help board members gain a basic understanding of their financial oversight responsibilities and gives them a starting point for comprehending key financial data.

Publication Date: 2009 Number of Pages: 102 Item Number: 533



### **Fundraising Responsibilities of Nonprofit Boards, Second Edition**

By: [James M. Greenfield](#)

Board members must ensure that their organization has adequate resources. One way they can do that is by being active in fundraising activities. This book shows board members how to support fundraising efforts, no matter the size of the organization. It explains strategies, offers guidelines for evaluating the results of efforts, and recommends helpful ways that board members can be involved every step of the way.

Publication Date: 2009 Number of Pages: 92 Item Number: 534



### **The Nonprofit Board's Role in Mission, Planning, and Evaluation, Second Edition**

By: [John A. Yankey Ph.D.](#), [Amy McClellan](#), [Kay Sprinkel Grace](#)

All too often, nonprofit boards look at mission, planning, and evaluation in isolation. This book, however, offers an integrated approach. A regular and consistent planning process helps the board and staff clarify mission and make changes when necessary to keep mission fresh, lively, and relevant. A systematic evaluation process generates information to help formulate goals and provide the framework for measuring those goals against mission.

Publication Date: 2009 Number of Pages: 110 Item Number: 535



### **Structures and Practices of Nonprofit Boards, Second Edition**

By: [Charles F. Dambach](#), [Melissa Davis](#), [Robert L. Gale](#)

Nonprofit governance calls for visionary and vigilant leadership, efficient and flexible structures, productive and proven practices, an inquiring and trusting culture, and a shared passion for the mission. This book provides a set of basic guidelines to enable nonprofit boards to meet these challenges and develop board members who are actively engaged in the life of the organization. It discusses how the board is organized (including board size and term limits); who is on the board; the roles of the board chair, chief executive, and committees; and productive ways for board members to work together.

Publication Date: 2009 Number of Pages: 130 Item Number: 536