Serving as a Board Member

Training for Churches and Christian Agencies

CANADIAN COUNCIL *of* CHRISTIAN CHARITIES

ADVANCING MINISTRY TOGETHER

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Serving as a Board Member

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About the Presenter:

John Pellowe is CCCC's CEO. He is ordained by the Pentecostal Assemblies of Canada and has served as a church deacon, elder and pastor. His studies include:

- Business — BBA & MBA – Wilfrid Laurier University
- Theology — Mdiv – Tyndale Seminary
- Leadership — Dmin – Gordon-Conwell Theol. Seminary
- Strategy — Strategic Perspectives in Nonprofit Management – Harvard Business School

Presented by Rev. John Pellowe

Questions? Send to mail@cccc.org

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Agenda

1. Board Candidates
2. Board Members
3. Leaving the Board

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Board Candidates

- You've been nominated! Should you accept?
  - Readiness to serve
  - How being a director affects you
  - Know the charity and its issues

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Readiness to Serve

Module 1

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Readiness to Serve

- Do you have
  - A call to the ministry's mission?
  - Spiritual maturity?
  - Available time?
  - Family support?

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Readiness to Serve

- Do you accept the role of a director as defined by this ministry?
  - Working board
  - Management board
  - Policy board

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Readiness to Serve

- You are willing to:
  - Volunteer
  - Serve as a team member and accept the team's decisions
  - Put the ministry's interests ahead of your own
  - Govern and delegate

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Readiness to Serve

- You can
  - Say what's on your mind even when it is a minority opinion
  - Debate while respecting the opinions of others

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How being a director affects you

Module 2

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How being a director affects you

- Know what you are getting into
  - Review the legal status of the church or ministry. Is it incorporated or unincorporated?
  - Can you support the strategic statements?
  - What programs and services are offered?
  - Are travel costs (if applicable) to attend meetings covered by the ministry?
  - The board's actual role
  - Are you expected to donate to or fundraise for the ministry?

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How being a director affects you

- If you are expected to help with fundraising
  - What type of gifts are desired? Bequests? Pre-authorized monthly gifts? Major gifts during a lifetime?
  - Is your role only to prospect or does it include asking for gifts?
  - How should different types of gifts be handled? When is a gift planner or professional to be involved? When should staff be involved?

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How being a director affects you

- Know what you are getting into
  - Find out if the board or nominating committee has any expectations for the role you will play on the board if elected
  - Find out about the ministry's history; its triumphs as well as its trials
  - Are there any expectations of directors outside of board meetings? (Committees, representation, etc.)
  - Find out about the duties and obligations of a director, the potential liability and risks, and the term

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How being a director affects you

- Duties
  - Honesty: Act in good faith
  - Loyalty: Avoid conflicts of interest
  - Care: Act prudently and inform yourself of the charity's activities, policies and affairs
  - Diligence: Ask! Don't rely on other board members to do your thinking for you. Bring your skill and experience to the board

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How being a director affects you

- Liability
  - Not liable for simple errors of business judgment which occur in performing one's duties, if directors have met the standard of care
  - Standard of care is what a reasonably prudent person would do in management of own affairs

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How being a director affects you

- Liability
  - Breach of a fiduciary duty including:
    - Negligence (a kind of Tort) where for example the director's conduct contributed to a victim's injury (whether a physical injury, or injury to a person's personal or real property);
    - Acting outside of his or her authority in signing a contract, or not ensuring that the terms of a contract are complied with; and
    - Failure to invest resources prudently

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How being a director affects you

- Liability
  - Failure to give the position the care required
  - Breach of "trust" including:
    - Failure to apply charitable property to charitable purposes particularly with "special purpose funds"; and
    - Remuneration of Directors (certainly in Ontario)
  - Failure to meet the requirements of a statute that has director liability provisions

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How being a director affects you

- Protect yourself from liability by:
  - Acting in accordance with the applicable standard of care;
  - Fulfilling your fiduciary duties;
  - Acting within your authority;
  - Ensuring good risk management is in place; and also
  - Having Director's and Officer's liability insurance (with indemnification)

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A Biblical Perspective

- Collegiality:
  - "But I am among you as one who serves" Jesus, Luke 22:27
  - "Fellow worker" Paul, numerous places
- Oversight: For the good of the ministry, not you
  - Steward or trustee, and not lobbyist, referee, boss or custodian
- Not primarily *doing or managing*, but *guiding* and *protecting* by defining mission, values and policies
- Church Polity
  - Episcopal, Presbyterian or Congregational?

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A Biblical Perspective

"The first matter of importance in church government is that all the people who are entrusted with tasks and services are simply God's instruments, servants of Christ, organs of the Holy Spirit (1 Cor 4:1, 12:4-6)."

Rudolph Schnackenberg

Community Formation in the Early Church and in the Church Today (ed. R Longenecker)

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A Biblical Perspective

"The board of a Christian organization is the people of God in community, the body of Christ, with members having differing gifts, wisdom and functions. The group's life should be formed by scripture, prayer, silent waiting, witnessing and serving. Their meeting is not a gathering of individual people with business to transact, but is the functioning body of Christ."

Charles Olsen

Transforming Church Boards into Communities of Spiritual Leaders

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A Biblical Perspective

"Practicing governance in a religious institution is a calling, an expression of the human vocation to live faithfully in the image of God, to serve God by responding with care in the matters of daily living to God's universal love for all creation. Governance is, then, a practice of faith."

David Hester
Building Effective Boards for Religious Organizations

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Know the Board's Issues

Module 3

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Church Boards are Unique

- Church board members are both directors and beneficiaries of the church, so
  - potential exists for conflict between personal and corporate interests
  - a church director is emotionally attached to the church and believes he or she has great expertise in church life
  - they feel more 'ownership' of the ministry than would otherwise be the case

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Church Boards are Unique

- Church board leadership is often the first experience many church members have in leading an organization, so they often
  - don't have experience governing, and
  - don't know how to be a good board member

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Church Boards are Unique

- Church boards have spiritual overtones that agency boards do not have, so
  - directors have a harder time voting against the wishes of their pastor than agency directors have with their executive directors, and
  - they also have a harder time evaluating the performance of the pastor and the church as a whole

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Church Boards are Unique

- Pastors are not likely trained to provide leadership to their boards, so
  - they should be trained in organizational leadership (rather than just relational leadership)

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Church Boards are Unique

- To overcome these unique challenges of church boards, do really good
  - board orientation
  - continuous board development
  - team development so the board and pastor are seen as a single leadership team
  - invest in the pastor's organizational leadership skills

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Know the Board's Issues

- Read the current strategic plan and this year's action plan
- Review the financial statements and ask questions to ensure you understand the ministry's financial condition (current position and trends)
- Review the by-laws (constitution) for the powers and duties of directors, eligibility and terms of office, and issues related to meetings
- Read the board minutes for the past year

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Know the Board's Issues

- Find out who the other directors are
- Ask current board members what they think the key issues will be for the next few years
- Does the board have D&O insurance?
- Does the board have a conflict-of-interest policy?
- What documents will you have to sign?
- Can you attend a meeting (or part of a meeting) to see what it is really like?

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Know the Board's Issues

- Identify any existing or potential risks
- Special situations may warrant careful thought about whether or not you fit
  - If the founder is still actively involved
  - Apostolic leadership

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Board Members

- Special Aspects of Charity Leadership
- Board meetings
- Governance
- Board Debate and Post Meeting Activities
- Relationships and Coming off the board

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Special Aspects of Charity Leadership

Module 4

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You've been Elected!

- Orientation
  - Board policy manual
  - Board reference material (if any)
  - Introduction to other directors
  - Protocols, "the way things are done"
  - Meet with the CEO/Pastor and get to know him or her
  - Dates/locations of meetings already booked
  - When to expect the board package for the next meeting and how to get it

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Special Aspects of Charity Leadership

- Charities are regulated by the Public Guardian and Trustee or the Solicitor-General of your province based on the Common Law (complaint-based)
- Charities are greatly affected by the Income Tax Act of Canada and its regulator, Canada Revenue Agency (audit-based)
- Major concern is the annual charity information return that must be filed annually to keep your charitable status (the "T3010")

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Restrictions on Activities

- Check your constating documents (letters patent, constitution, etc.) for your charitable purposes

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Restrictions on Activities

- Political
  - Charitable activity
  - Permitted political activity
  - Prohibited political activity
    - All partisan politics either endorsing or critiquing a position
  - Generally a 10% cap, can be carried over 3 years; small charities may go up to 20%

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Restrictions on Activities

- Foreign Activity
  - Employees and volunteers
  - Contract
  - Agency
  - Joint Ministry
  - Co-operative Participants

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Restrictions on Activities

- Business Activity
  - Running a business is not a charitable activity
  - Related business activities: two kinds
    - Limited, ancillary, and related to your charitable objects
    - Business run substantially all (90%) by volunteers
- Public Benefit
  - Advancement of religion or education
  - Relief of poverty
  - Anything a court decides is charitable (of benefit to the community)

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Restrictions on Activities

- Resources
  - Restricted funds
    - Donor-restricted (externally-restricted)
    - Board-restricted (internally-restricted)
  - Must be used for public benevolence and not for private benevolence (donor directs gift to a specific person)

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Board Meetings

Module 5

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How Board Meetings Work

- Rules of order
  - Principles
    - Discuss one thing at a time
    - Clarity about what is being discussed or about the decision being made
    - Everyone has a chance to speak
    - Respect for other participants
    - The process is clear to everyone

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How Board Meetings Work

- Presence: in-person, conference call
- Agendas
- Reports
- Decision making process: consensus or vote
- Committees (standing or *ad hoc*)
  - Executive, audit, nominating, CEO/pastor review (including compensation), governance, missions, finance, policy
  - Operations (to fill in where you do not have staff to do it)
  - As much as practical, the board should act as a committee of the whole

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Officers

- Chair: Calls and presides over meetings, responsible for board discipline and leadership. There may be a vice-chair as well
- Secretary: Responsible for the books and records, minutes, notices and conduct correspondence on behalf of the board
- Treasurer: Ensures full and accurate accounts of all receipts and disbursements are maintained, ensures all monies are protected and provides financial reports to the board
- Chief Executive Officer: Responsible for the general supervision of the affairs of the organization

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Your First Board Meeting

- Be thoroughly prepared, come with an initial position on everything that is on the agenda, or at least the questions you need to ask in order to form a position
- Observe how the board actually works
- Participate in discussion and state your positions
- New board members can offer a fresh perspective that the board might not otherwise have, so speak up

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Agendas and Getting on Them

- Should be set by the Chair
  - But in reality, the CEO/pastor often prepares the agenda for the Chair's approval or the two prepare it together
- You should get the agenda and supporting materials in enough time to allow you to prepare, usually 4 or 5 days
- Agenda packages should include all supporting documents for the agenda item

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Agendas and Getting on Them

- You can get an item on the agenda in three ways
  - Add an item for this meeting during the agenda approval stage
  - Ask for an item to be placed on the agenda of another meeting during the meeting, or
  - Contact the Chair at least several weeks before the meeting to get it on that meeting's agenda
- Clearly define what you want discussed. Provide a motion or a description of the topic and whether it is a decision or a discussion. Also provide background material to help the other board members prepare
- Proposed motions should be very clear, highlighting who is to do what, by when and within what boundaries

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Confidentiality and Solidarity

- Maintain confidentiality about board discussions and how individual board members voted. Decisions can be made public unless they are *in camera*
  - In camera decisions normally include: salary and personnel information, legal opinions, dealings with real estate
- "Cabinet solidarity"
  - One voice
  - Supported by all

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Governance

Module 6

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Principles of Good Governance

- Make sure you do not contribute to any of these common board problems!
  - Time on the trivial
  - Short-term bias
  - Reactive stance
  - Reviewing, rehashing, redoing
  - Being either a "yes" or "no" person without strong rationale why
  - Committees getting ahead of the board by failing to bring other directors along with their progress. Committees should each have a board-approved mandate that defines their purpose and sets criteria for reporting to the board

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Principles of Good Governance

- Priority topics a board should be addressing and spending the most time on:
  - Governance;
  - Accountability;
  - Risk Management;
  - Asset Management;
  - Organizational Framework; and
  - CEO/pastor selection/evaluation
- Don't do what you have hired staff to do!

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Principles of Good Governance

- Questions you should be asking
  - What evidence is there that we are progressively fulfilling our mission?
  - Are we evaluating our programs and services?
  - What is happening "out there" that we should know about?
  - What are we doing to improve the governance skill of our board?

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Principles of Good Governance

- Questions you should be asking
  - How do we know that our policies are being adhered to?
  - What have we done to manage risk?
  - How does this proposal support our mission?
  - What should we start doing and what should we stop doing?
  - What have we already said on this issue?
  - Does the pastor/CEO feel supported by the board?

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Principles of Good Governance

- Solid preparation by staff
- Meaningful, well-researched alternatives
- Pay attention to previous board decisions
- Stay at the highest level possible and delegate the rest
- Major on the majors
- Action, not reaction – be future-oriented
- Respect boundaries with mandate and staff
- Avoid "group think"

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After the Meeting

- Minutes
  - You should have these within a week if your board meets monthly to ensure the follow-up gets done before the next meeting. Within a month at most for other schedules
  - Minutes should state the decision and the rationale
  - Include an action list with the name of the person accountable for taking action
  - Review minutes right away for corrections and especially for action items you are responsible for
  - Make sure any "No" votes of yours were recorded with your name

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After the Meeting

- Post-meeting activities
  - No "parking lot" discussions!
  - Initiate committee work or any tasks assigned to you right away
  - Pray for the ministry

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Board Deliberations

Module 7

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The Four D's of Deliberation

- Dialogue
- Discussion
- Disagreement
- Discernment

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The Four D's of Deliberation

- Dialogue
  - Meaning
  - Understanding
  - Multiple points-of-view
  - Suspend your own assumptions, but communicate them freely
  - Move beyond individual views in a free exploration of the issue
- Resource: *The Fifth Discipline* by Peter Senge

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The Four D's of Deliberation

- Discussion
  - Analysis
  - Persuasion
- Resource: *The Fifth Discipline* by Peter Senge

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The Four D's of Deliberation

- Dialogue
  - Reveals the incoherence of our thought: programmatic thinking using only our own standard of reference (paradigm/stereotype)
  - Divergent thinking
- Discussion
  - Follows dialogue with the goal of making a decision
  - Convergent thinking

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The Four D's of Deliberation

- Disagreement
  - Don't "bury" disagreement or pretend it isn't really an issue
  - The chair is responsible for maintaining board decorum
  - Disclose your intent. Look for values and goals held by the various parties; find the real issue
  - Back away from the concrete and explore the abstract to find areas of agreement and build from there
    - Often the disagreement is over a specific action item rather than the general principle.
  - Don't make it personal. The disagreement is about a decision

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The Four D's of Deliberation

- Disagreement
  - Ask questions, such as
    - "Help me understand why you believe this is a good idea"
    - "Have you considered...?"
    - "If you had to come up with an alternative proposal, what would it be?"
  - Recognize what your own "hot buttons" are and try to take their power away. If necessary, apologize
  - The more emotional the issue, the more silence you need
  - Resources:
    - *Fierce Conversations* by Susan Scott
    - *The Mediator's Handbook* by Jennifer E. Beer

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The Four D's of Deliberation

- Discernment
  - What it is: Hearing and obeying God's voice
  - Assumption: God wants to lead us into restored relationships and new organizational processes
  - Process: Focus on what God is doing rather than what we think should be done

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The Four D's of Deliberation

- Discernment requires
  - Respectful listening to others
  - Each person to faithfully offer up his or her own giftedness
  - Honesty and candor about deep feelings
  - Times of silent listening to God's voice
  - Being open to God saying something different from what we expected

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Relationships and Coming Off the Board

Module 8

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Staff Relations

- As a director, you have no say over staff unless it is given to you by the board
- The pastor/CEO reports to the board
  - Other staff report to the pastor/CEO
- The staff are under no obligation to accept your advice
- Keep the hats straight when you do volunteer work for staff; you are not volunteering in the capacity of a director
- Have a protocol for when directors have concerns about staff performance

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Member Relations

- You have a duty:
  - Not to "bad mouth" the ministry, other board members or staff,
  - Not to speak for the board unless authorized to do so, and
  - Not to disclose information you learned from your board role unless authorized to do so
- You must support the board and not disclose the way you voted. "The board decided..."
- You cannot make commitments for the board unless authorized to do so

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Member Relations

- While you may possibly have been elected by a constituency (e.g., youth) or another organization (e.g., a denomination) you do not represent their interests. You bring the best ability you have to the board to represent the interests of the ministry as a whole
- Complainers should be directed to the staff, the chair or the secretary as is appropriate. Have a protocol for handling these complaints. You should not take it upon yourself to bring complaints to the board. At all times, be fair to other directors and staff
- Separate your own concerns as a volunteer in one of your ministry's programs from your board role

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"Rogue" Board Members

- The board chair has the responsibility for board discipline
- Either the chair or a director appointed by the chair (who may have a better relationship with the renegade member) should speak privately with the person with the intent to change their behaviour
- Your constitution or by-laws may provide direction for the removal of a director if the behaviour does not change
- Another option is to let renegades finish their terms and not accept them for re-election

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Leaving the Board

- You have a role to play in planning for your own succession on the board and its committees
  - Recruiting new members
  - Developing new and potential members

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Leaving the Board

- Resignation
  - Ensure your resignation is set for a specific date and is noted in the minutes
- Removal
  - Meet with the Chair to fully understand the issues and treat this as an opportunity for personal development
- End of term

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Leaving the Board

- Retiring well
  - What to keep
    - Keep a copy of the minutes of meetings where you voted "No" in a secure place
  - What to return
    - Anything you were told to return
    - Consider any notes or files you created that might be of interest to the ministry's archives

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Leaving the Board

- Retiring well
  - Let the new board do its own work. Retire gracefully and stay out of the board's business (unless invited by the board!)

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NOTES

Board Transition checklist

by: Heather Card, Chief Operating Officer, CCCC

Whether at a church or an agency, faces are constantly changing around the board table. In some cases, there may be a regular rotation of members going off the board and new ones coming on. In other cases, the board may be in a situation where the majority of board members are moving on.

The areas of transition that the board will be involved in will vary depending on your charity. For example, in the case of a small church with a working board, there will be more day-to-day issues to become familiar with. Where the charity is a larger organization with a policy board and support staff, more areas will be handled by staff.

Here is a checklist to assist you in making your board transition a smooth one.

Board Chair

- [ ] Meet with the previous Board Chair to be briefed on any existing issues

- [ ] Set aside time to meet with the CEO/Pastor to get to know each other and gain agreement on how to work together effectively for the coming term

- [ ] Plan the board year together with the CEO/Pastor including identification of any special board meetings such as strategic planning sessions

- [ ] Plan an organizational meeting to take care of routine transitional business:
    - Establish membership for board committees and mandates for the coming terms
    - Clarify roles of the board
    - Statements to be affirmed by board members (e.g., Doctrine, Conflict of Interest, Confidentiality)

Board Treasurer

- [ ] Update signing authorities for banking, receipting (if required)

- [ ] Meet with the previous Treasurer to go over procedures and to be briefed on any existing issues

- [ ] Review the financial statements and T3010. Ensure filing with CRA was completed within six months of fiscal year-end

- [ ] Ensure payroll and government remittances are up-to-date

- [ ] Work with the Board Chair to ensure financial reporting, budget process, etc. are included in the board agenda planning

- [ ] Orientation to current insurance policy coverage (e.g., director & officers, property)

Board Secretary

- [ ] Update board e-mail lists and contact information

- [ ] Review procedure for keeping records

- [ ] Arrange for keys for building (if required)

- [ ] Review recent minutes and bylaws re quorum and meetings

Board Member Orientation

- [ ] An orientation session can help inform new board members about the church/agency and should include:

    - Strategic statements–vision, mission, values

    - Constating documents–letters patent, constitution

    - Governance–style, board member expectations, board policy manual

    - History of ministry, overview of programs or major initiatives

    - Board overview–structure, committees, annual cycle, key issues, minutes of last year

    - Strategic planning documents and annual action plan or ministry plan

    - Financial statements for the most recent fiscal period, current year's budget and most recent statements for the current year

Transition Guide For Treasurers

by: Gilbert Langerak, Manager, Member Support, CCCC

Whether you are a treasurer of an agency which uses a policy governance model or a church treasurer with more administrative responsibilities, the transition from one treasurer to another is important.

Each charity has its own unique history and specific financial systems. To ensure this corporate memory is not lost, it is important for an out-going treasurer to ensure the incoming one is fully briefed. The following checklist can serve as a guide when transferring responsibilities. This checklist assumes the treasurer is directly involved in carrying out various administrative tasks and it can be reduced if charity staff carry out any of the functions noted below.

☐ **Signing authorities** - update for banking, tax receipting, invoice payment authorization, etc. Any signing authority change requiring Board approval should be noted in the minutes.

☐ **Contact information** - update for all associations and government forms. These would be, as applicable: denominational head office, affiliated agencies, government bodies and others (e.g., CCCC, which can be self-updated at www.cccc.org – Members section).
Note: CCCC recommends all government forms go to the charity's address, not the Treasurer's, in order to reduce the risk of missed deadlines or penalties during a transition period.

☐ **Review government filings and deadlines** - such as the annual T3010, remitting payroll deductions and GST/HST(if applicable), filing for GST/HST rebates, and any other reports (e.g., if your charity is incorporated, other filings may be needed).

☐ **Financial system overview** - including budgeting, cash handling, donation and cash receipts ledgers, expenditure controls and ledgers, the general ledger, internal and external financial statements, etc.

☐ **Time-sensitive remittances (if applicable)** - such as pension contributions, extended health coverage premiums, denominational payments, etc.

☐ **Agendas** - review agenda items the treasurer is responsible for with the Board and at the Annual General Meeting, including preparation lead time.

☐ **Bank reconciliations** - "how-to" and keeping them up-to-date.

☐ **Insurance** - review coverage, documentation and contact information.

☐ **Back ups** - review the computer back up system and frequency.

☐ **Records retention** - review (please see the checklist available at www.cccc.org - Members area - topic section: Books and Records).

☐ **Policies** - review ones specifically relevant to the Treasurer (e.g., applicable Board and Committee policies, Audit Committee, Benevolence, Designated Giving, Ethics, Gift Evaluation & Acceptance, Investment, Privacy, etc.), the salary review process and have an awareness of all other charity policies.

☐ **Past minutes** – minute copies for the past year and any other relevant historical information.

☐ **Other items** – such as, but not limited to:

- Restricted funds - both externally and internally and the nature of the restrictions (e.g. ,bequests, donor restrictions, government funding)
- Investments (if applicable) – what investments are held, for what purpose, term, etc.
- Long-term commitments – equipment and rental lease agreements, service contracts, review at what dollar amount items are capitalized, rates of depreciation, etc.
- Things on the horizon – are there any legal or other issues either underway or that might be coming up.

Board Self-Evaluation

by: Heather Card, Chief Operating Officer, CCCC

It is prudent for boards of charities to evaluate both their individual and collective performance on a regular basis. This process acts as a refresher for members on their duties and responsibilities and also opens channels of communication among directors. By engaging in self-evaluation, boards are also better able to identify where they are performing well and where they might improve collectively and individually.

Approaches to Board Self-Evaluation

There are a number of ways that boards can evaluate their performance:
- informally through open-ended discussion;
- formally, through the use of a self assessment tool or survey;
- informally by comparing board performance generally to best practices or case studies; and
- formally, through the use of consultants, interviews and board retreats.

The appropriateness of each method will depend on the preferences of your board and your unique situation. For example, the use of an outside consultant may be helpful if things have not been going well and the board needs a facilitator to work through issues.

What to Evaluate

Boards are primarily responsible for the charity and stand in a fiduciary (trustee like) relationship to the organization. They must:
- act honestly and in good faith;
- be loyal to the best interest of the charity's beneficiaries and the charity itself;
- avoid conflicts of interest;
- subordinate personal interest;

and
- conserve and protect the organization's property.

With these responsibilities in mind, here are several key areas that boards should evaluate whether a policy governance board or a working board.

1. Individual Board Member Performance

Before looking at the performance of the whole board, it is often helpful for each board member to examine him or herself and their own board performance. Being prepared, attending meetings and actively participating are often considered basic requirements for board members. In addition, the individual board member should examine issues related to conflict of interest.

2. Board Quality

The long-term health of a board is directly proportional to the quality of each individual board member. This is influenced by a number of factors. Having a planned rotation of board members ensures continuity and provides a context of past decisions that may be helpful for future decisions. Board education and new board member orientation can also be great way to increase board effectiveness. In evaluating board quality, the size of the board and committee structure also come into play.

3. Board-Staff Supervision & Relationships

Another area that is vital toward an effective ministry is board-staff relationships. It is critical that board and staff roles are defined, clearly understood and respected. A healthy working relationship built upon respect, trust and Christian principles will be the catalyst that moves a ministry ahead.

4. Mission and Program

In Christian ministry, the mission, vision and program are always in the context of God's leading and direction. From a legal perspective, the mission, vision and program need to fall within the context of the charity's charitable purposes and objects set out in its governing documents. The board should ensure that its strategic plan is prepared within the boundaries of its legal documents. Planning without consideration of its corporate objects can lead to a drift away from permitted activities. For the same reason, the board should also periodically review its mission statement and approve the annual operating plans and budgets annually.

To effectively review programs, plans and budgets, the board needs a general awareness of laws that apply to charities. For example, if the organization engages in activities or funding outside Canada, the board needs to know not only that the activities comply with the charity's objects, but also that it has done so within applicable laws.

In terms of stewardship of resources, the board should evaluate whether there are mechanisms in place to evaluate programs for their effectiveness.

5. Financial Controls

Even though the board members may not directly implement financial controls, it

is important that they have an awareness of this area and that they ensure systems are in place.

For example, board members are personally liable if certain payments, such as CPP, EI and income taxes are not remitted to Canada Revenue Agency. The board should ensure that a process is in place to ensure such remittances have been made.

In addition, the board should have clear policies to prevent externally restricted funds from being used or borrowed for other purposes or by other funds. Financial reporting should occur regularly and clearly distinguish between externally and internally restricted funds. Depending on the province and whether the ministry is incorporated, an annual audit may also be required.

6. Fundraising and Fund Management

A good practise is for the board to have a clearly-defined, written code of ethical fundraising and donor-designation policy. This code should ensure that there is a process in place to ensure designations for gifts are honoured.

7. Board Performance

In order to make well-informed decisions, a board should operate from a written agenda with supporting documents ideally sent to each board member at least 10 days before each board meeting. Where necessary the board should consult professional experts such as lawyers and accountants. Minutes from both committees and full board meetings should be sent to all board members and reviewed at the next subsequent meeting.

8. Risk Management

One of the duties of the board member is to conserve and protect the charity's assets. The board should ensure that risks have been identified and that steps have been taken to monitor and diminish risks. Boards should also follow the risk management advice of its insurance provider and obtain adequate property and director & officers liability insurance. In the area of cash management, an investment policy is essential.

Create the right environment

Evaluating the strengths and weaknesses of your board requires a relationship of trust and an honest assessment of where things need to improve. Board self-evaluation should not be used as an opportunity to personally attack another board member or staff member. Neither should you save up issues throughout the year and deal with them only during this process.

Create a plan of action

Look at the evaluation process as an opportunity to strengthen your board. What did you learn? What are the next steps? By prioritizing the areas that need improvement you will be able to come up with actionable items for improvement.

CCCC Member Resources

CCCC has a number of resources available to members that can assist boards with various aspects mentioned in this article.

Sample Policies - go to www.cccc.org Click on Members, Download Sample Documents
- Board Self-Evaluation Tool
- Ethical Fundraising Code
- Investment Policy

Board Continuing Education
Webcasts - go to www.cccc.org. Click on Members, Webcasts, Webcasts by Function, Board Members

- Evaluating the CEO & Senior Pastor
- Understanding Your Duties as Directors or Trustees
- How to do a Board and Organizational Checkup
- Permissible Charitable, Business & Political Activities
- Role & Function of a Board Audit Committee
- Effective Minute Taking for Boards

CCCC Affinity Program with Robertson Hall Insurance for property and liability insurance. Premium discounts available for CCCC member organizations. To contact Robertson Hall, call 1-800-640-0933 or email insurance@robertsonhall.com.

Understanding and Reading Financial Statements

by: Wayne Kroeker, Manager, Member Support, CCCC

As an active member of your local charity or church, you should not simply rely on those within your ministry that have an accounting or financial background to be satisfied that the ministry is in good financial health. Your interest in finances may come as a result of being a member at large, on the Board of Directors, on the Finance Committee or on the Audit Committee. The following article provides some basic information on reading and understanding key financial documents and their value in assisting you to access your charity's financial health.

The three main Financial Statements are:

1. Statement of Financial Position or the Balance Sheet
2. Statement of Operations and Changes in Fund Balances or the Income Statement
3. Statement of Cash Flows

Related to these three statements are:

4. Notes to the Financial Statements
5. Auditor's Report

A comprehensive picture of a charity's financial health can be obtained by reading and understanding the Financial Statements, the Notes and the Auditor's Report.

1. Statement of Financial Position (Balance Sheet)

This is a snapshot of what the charity owns and owes at a fixed point in time. It includes details about the charity's assets, liabilities and fund balances.

Assets are the available resources that the charity owns, such as physical property including cash, investments, furniture, equipment, land and buildings, as well as intangible property including trademarks and other intellectual property. The assets are listed in liquidity order - ease of converting them into cash.

Liabilities are the amounts that the

ABC Ministry
Statement of Financial Position
As at December 31, 2006

	General Fund	Capital Fund	Missions Fund	Total 2006	Total 2005
Current Assets					
Cash	$ 21,500	$ 4,000	$ 3,000	$ 28,500	$ 25,000
GST receivable	500	-	-	500	1,000
Long Term Assets					
Land	-	50,000	-	50,000	50,000
Building	-	900,000	-	900,000	889,000
Total Assets	**22,000**	**954,000**	**3,000**	**979,000**	**965,000**
Current Liabilities					
Accounts payable	2,000	-	-	2,000	1,000
Deferred revenue	6,000	-	-	6,000	2,500
Total Liabilities	**8,000**	**-**	**-**	**8,000**	**3,500**
Fund Balances	14,000	954,000	3,000	971,000	961,500
Total Liabilities & Fund Balances	**$ 22,000**	**$ 954,000**	**$ 3,000**	**$ 979,000**	**$ 965,000**

charity owes (claims against the re-sources). They can include loans from the bank, money owed for rent, supplies, equipment, payroll owed to employees, source deductions and tax owed to the government.

Fund Balances are the amounts left over if the charity sold all its assets and paid off all its debts. Another way to look at it is that total Assets less total Liabilities equals Fund Balances. In a for-profit company, this money would belong to the shareholders or owners. In a not-for-profit (charity), it can only be spent on activities that further the char-ity's purpose and does not belong to the members.

A healthy Statement of Financial Position would have positive fund balances, with enough cash or near cash to pay for its current liabilities. The reader should be able to distinguish external and internal restricted funds from non-restricted funds. They will also gain a better under-standing of the specific funds by reading the Notes to the Financial Statements.

Since the Statement of Financial Position is a static report, it only shows where the charity is, not how it got there, and it basically describes what is, by listing all the assets, liabilities and fund balances. An example of a typical Statement of Financial Position is shown above, break-ing down the amounts by Fund, with a comparison of the prior year.

In this example for the year ending De-cember 31, 2006, ABC Ministry has total assets of $979,000 and total liabilities of $8,000 resulting in Fund balances total-ing $971,000. ABC Ministry has $20,500 ($28,500 - 8,000) available cash to be able to pay for its current liabilities of $8,000. This is a positive indication of the ministry's financial health.

2. Statement of Operations and Changes in Fund Balances (Income Statement)

This statement, on the other hand, shows how the charity got to where it is. It shows the different sources of income or revenues (i.e., donations, sales, fees,

ABC Ministry
Statement of Operations and Changes in Fund Balances
For the year ended December 31, 2006

	General Fund	Capital Fund	Missions Fund	Total 2006	Total 2005
Revenues					
Tax receipted gifts	$ 205,000	$ 1,000	$ 13,000	$ 219,000	$ 215,000
Other gifts	4,000		500	4,500	5,000
Interest	500			500	400
Rental		3,000		3,000	4,700
Other	500			500	900
Total Revenues	210,000	4,000	13,500	227,500	226,000
Expenses					
Salaries & benefits	185,000			185,000	183,000
Building (Occupancy) costs	12,000			12,000	11,500
Travel	2,500		10,000	12,500	12,000
Office supplies	3,000		3,000	6,000	6,000
Sunday school supplies	2,000			2,000	2,500
Other	500			500	2,500
Total Expenses	205,000	-	13,000	218,000	217,500
Excess (deficiency) of revenue over expenses	5,000	4,000	500	9,500	8,500
Fund Balances, beginning of year	9,000	950,000	2,500	961,500	953,000
Fund Balances, end of year	$ 14,000	$ 954,000	$ 3,000	$ 971,000	$ 961,500

interest income) and where the charitable funds are applied or expended. The end result is either an Excess or Deficit of funds. This statement should also show that the Restricted Funds (i.e., Capital and Missions) are properly recorded and identified.

The beginning Fund Balances are then added to the Excess or Deficit for the year, resulting in the end of year Fund Balances. This amount is then carried forward to the Statement of Financial Position. The end of year Fund Balances should always be equal to the Fund Balances listed on the Statement of Financial Position. On the previous page is an example of a Statement of Operations and Changes in Fund Balances for a ministry with several Restricted Funds.

In this example, the end of year Fund balances are positive and greater than the beginning of year Fund balances, which is in and of itself an indicator of health. When you compare the Revenues and Expenses with the prior year, you can also see the end results are more positive. Or stated another way, the Excess of Revenue of $9,500 for the year ended December 31, 2006 is greater than the Excess of Revenue of $8,500 the prior year.

3. Statement of Cash Flows

The primary purpose of the Statement of Cash Flows is to provide information about the cash receipts and disbursements of an organization over the reporting period. In other words, this report shows the sources (inflows) and the uses (outflows) of cash. It is a reconciling of information from the other financial statements and a barometer to monitor whether or not a charity has enough cash on hand to be able to pay its current expenses. The beginning of year and end of year Cash are also reconciled on this statement.

There are three parts to the Statement of Cash Flows:

a. Operating activities - identifies the actual cash used in "operating activities" by deducting the amortization from the Net Income and reconciling Balance Sheet accounts from the previous year. For example, increases or decreases in Accounts Receivable, Accounts Payable.

b. Investing activities - identifies cash used for purchasing property or equipment (capital assets), cash from the sale or purchase of investments, and cash received from the sale of gifts (e.g., publicly listed securities).

c. Financing activities - borrowing or repaying money from a loan, mortgage or line of credit.

4. Notes to Financial Statements

The notes are critical in helping the reader understand the financial statements. They should include the nature of the organization, such as its legal structure (i.e., incorporation), related organizations, purpose, income tax status, types of activities and significant accounting policies. Some examples would be notes on designated funds, property and equipment, investments, lease commitments, pension costs and commitments, contingent liabilities and related party transactions.

5. Auditor's Report

The Auditor's Report usually explains that the financial statements are the responsibility of the management of the charity. The Auditor performs the audit to obtain reasonable assurance that the statements are free of material misstatements and is responsible to provide the readers with an opinion on whether the statements present fairly the financial position of the charity in accordance with Canadian generally accepted accounting principles (GAAP).

In conclusion, the Financial Statements are prepared so that the leadership or management of your organization can make informed, intelligent decisions that will influence the success or failure of the ministry. However, they are also useful in allowing donors, members and other stakeholders to assess the financial health of the charity and to hold the leadership and management accountable. The usefulness of these statements will depend on the amount of time spent analyzing and interpreting them, as well as the level of understanding, the objectives, purposes or responsibility of the reader.

Resources
1. **CCCC's 2012 Charities Handbook** - Chapter 27: Accounting Systems and Chapter 28: Financial Systems and the External Audit
2. **CCCC's 2005 Conference Workshop #40** - Financial Statements are not all Created Equal. To purchase go to www.kennedyrecordings.com

DEVELOPING GROUP DISCIPLINE

by: Caroline Oliver, Governance Author and Consultant

I sometimes speculate that one of the reasons why I so enjoy working with boards is because I am the eldest of seven children. With my parents, we comprise a family of nine, about the same size as many of the boards I now work with. There are upsides and downsides to being part of a group and one of the downsides is that it requires a certain amount of discipline for the whole group to function.

Throughout my childhood, my father, much like many a well-meaning chair, would make occasional attempts to enforce organization. I shall always remember the chart posted on the kitchen wall which listed the bedtimes he believed should be imposed upon us. Starting with me at 10 p.m., the list descended in age and appointed hour until it got to my youngest brother John – then a babe in arms – after whose name were the immortal words "as will". Of course this system broke down almost as soon as it was created and we returned to our familiar anarchy. The era of the Victorian paterfamilias is well and truly over, as is the era of the crusty gavel-wielding board chairman.

So, where is board group discipline to come from in the new millenium? Again, I believe I can find clues by looking at how my family operates today. Even though we are scattered across North America and Europe we still manage to get together to celebrate Christmas most years. And, phew, do we need group discipline! For now that we children have all grown up and most of us have children of our own, we are all, like a group of board members,

equals. My mother no longer always decides what vegetables we will eat. My father doesn't always flame the pudding. (Of course, he does still usually carve the turkey but you have to keep some traditions!). And we are often in rental properties so there isn't even a host to defer to.

> It isn't the CEO's job to determine what the board should do . . .

The ability to function as a large group however definitely requires leadership and it is interesting to see the level of tacit agreement we have on this point. Unlike smaller families in which you might be able to sort out differences in a reasonable amount of time, with a larger family like ours, there simply aren't enough hours in the day to discuss every possible point of view through to a unanimous conclusion. So, if we are going to accomplish anything together two things have to happen. Firstly, someone has to have the temerity to make a suggestion and, secondly, the others have to follow. Take for example, Boxing Day. What are we all going to do? Someone has to suggest an idea for an outing and everyone else has to start putting their hats and coats on or the whole day can go by in desultory confusion and end in unanimous disappointment.

Let's look at this a bit more closely at this in relation to boards. Certainly nothing happens unless someone makes a sugges-

tion. I believe this is a key part of board group discipline. Too often I find boards full of people who want to talk about issues and problems with what other people are doing but unwilling or unable to put forward suggestions for what the board itself should be doing. I believe that every board member on today's board has an obligation to be part of the solution. It isn't the CEO's job to determine what the board should do, it isn't the chair's job to decide what the board should do. It is every board members' job.

But we need to look still deeper. I am not proposing that the best thing is for one particularly strong board member to come up with a suggestion that suits themselves and then seek to force it upon everyone else. What I am suggesting is that every board member has a responsibility not only to come up with a suggestion, but to come up with a suggestion that they think could work for everyone else. Going back to my family's Boxing Day outing, there is clearly no point in suggesting an afternoon's parasailing to a group that include some people with babies and others with severe arthritis, but a gentle hike along a boardwalk could go down pretty well.

And there is yet another layer. Part of the job of putting forward a suggestion to a group is not only to seek to put forward something that could work for others too, but also to put it forward in a manner that is easy for the group to deal with. In my family we all know from long experience that we need to be specific. If someone just says, let's go for a hike, sev-

eral hours will go by dealing with all the arising questions. It is much much easier for the group, and gives your proposal maximum chance for success, if you say: "How about going for a 2 hour boardwalk hike? We could leave about 10 a.m. and have lunch at the local pub afterwards." Your proposal may get amended but the process will be much more efficient because you laid it out clearly and fully in the first place. And, don't worry, everyone still finds lots to talk about – what to wear, who should drive to the boardwalk in what car, where to go for lunch etc etc – but at least the outing is on!

In the Policy Governance board context, putting forward a proposal that is easy for the group to deal with, usually means putting forward a specific proposal to change a specific policy. This can seem daunting for those who are not at ease with word-smithing, so it is important to make it clear that we are not necessarily talking about having to have the exact wording all worked out. What the proposer does however need to have worked out is which policy they wish to amend or add to and what values they want the new wording to express.

In those cases where the proposal you wish to make cannot be framed as a proposal to amend a policy, think in what other ways you can be specific. "I would like to propose that we discuss x issue at our board meeting on y date and invite z to be present and give us some input". Or, "I would like to suggest that we set up a three person committee to develop options for our 2004 ownership linkage activities and report to us by the end of October". Or, "I would like to suggest that we ask our chair to review tools for board self-evaluation and bring examples to our next meeting". How much easier for the

board to make something of these proposals than the usual unfocused mumbles and grumbles.

And, what about the job of those listening to the proposal. Are we supposed to just agree with anyone who puts together a coherent suggestion? Well, no, but we do have to discipline ourselves too. As my family listen to the proposition of a 2 hour hike along the boardwalk, they are by no means all thrilled. It will probably be very windy and rain a lot (this is to be expected on our family outings). Approximately one-third of us will be wishing that we could have stayed in bed. Another third will be wishing that kayaking had been on offer. And the other third will be thinking it would be a much better idea to cut the hike and head straight for the pub. But, demonstrating excellent group discipline, we will probably all go on the hike.

> . . . the definition of group discipline on a board is as simple as that - individuals putting the needs of the group first.

Why? Do we not all have minds of our own? Are we all wimps? I think not. We have Christians, Buddhists, Atheists, vegetarians, steak lovers, smokers, non-smokers, married persons, unmarried persons, opera lovers and rap lovers – oh yes, we have diversity and love it! But we all recognize that on those occasions when we want to accomplish something together, we need to discipline ourselves to put the interests of the group ahead of our own personal interest whenever possible.

And, to me, the definition of group discipline on a board is as simple as that – individuals putting the needs of the group first. We all, not just the chair, not just the vice-chair, but every single board member, need to constantly ask ourselves "how will what I want to say serve the group?" If we ask ourselves this question and find that we have a specific suggestion that could move the board forward, we will speak up. If we ask ourselves this question and find that we have to oppose a suggestion because we truly believe it is not in the group's best interests or is against our own conscience, we will speak up. But, far more often than we do now, we will find ourselves supporting, agreeing or simply listening.

Caroline Oliver may be reached through her website at www.carolineoliver.com

Cultivating Good Board Manners

by: Caroline Oliver, Governance Author and Consultant

I would like to suggest that the kinds of individual behaviors that enhance a board's ability to operate as an effective team can broadly be encompassed by the term "good manners". After all, good manners enhance the ability of every kind of human grouping to operate, why not boards?

If you were to be having dinner with a group of well-mannered people what would you expect? Certainly you would expect your fellow diners to show that they respected you. At the very least you would expect to be listened to, and you would probably hope that they would demonstrate an active interest in what you have to say. Whether it be because someone has passed you the serving dish first, or because they stood up when you came into the room – you know you are the object of good manners because you feel honored.

How would it be if everyone on your board felt honored? How would it be if your fellow board members offered you the opportunity to speak before speaking themselves? How would it be if they acknowledged what you had said before expressing their own view?

Bad Manners Dressed as Good

Before going any further, it is important to acknowledge that we have all been subject to "shows" of good manners that have made us feel anything but honored. Such shows can be used to stifle, dominate and belittle others. "What a shame your daughter could not be here" says your hostess, knowing full well that all your fellow guests are aware that your daughter ran away on the back of her boyfriend's motorbike last week. "Through you Chair", says a board member feigning politeness before digging a knife between a fellow board member's ribs. "Skiing in the Alps is not what it is cracked up to be, don't you agree?" asks your neighbor at the dinner table, counting on the fact that this remark will force you to confess that you have never skied in Europe. "I know age and experience count for nothing nowadays" says the septuagenarian board member, clearly communicating his opinion that you are a young idiot.

This is not what we are talking about here. Someone who has truly good manners makes everyone they come across feel better about themselves. Real politeness is the hallmark of cultured, civilized, intelligent and educated behavior that elevates all it touches. Bad manners detract from everything and everyone. What is your intent and the intent of your fellow board members? Do you want to elevate each others' performance or prove your individual superiority?

The Motivation for Good Manners on Boards

You could argue that good manners are irrelevant to boards – we don't need to worry about honoring each other, we just need to focus on results. However, that would be to miss the point that the board's job is a collective job and can only be done properly if every member is fully able to participate. Good manners encourage participation; bad manners preclude or inhibit it.

What Good Board Manners Look Like

Not Letting One Person Dominate

A well mannered board is one that refuses to allow one person to dominate however long they have been around, however charismatic, aggressive, wise or successful they appear and however large their contribution. A well-mannered board takes responsibility for making sure that every board member's view gets put on the table. Such a board recognizes that the board's authority comes not from individual's but from its common voice and, however difficult, the board needs to find their common voice.

Valuing Everyone

Well-mannered boards are always open to re-thinking issues in the light of a new viewpoint. However, they do not dismiss their own previous work or the work of their predecessors and go round and round in circles unnecessarily. They do not re-open old debates without being clear about what the previous decisions were and how they came to be made. Neither do they allow one person to undermine the whole group's effort without a clear consensus that reconsideration is merited. They honor the decision of the group whether or not it was their preferred option and they have a clear and easily accessible record of all their work.

Debating at the Table

Well-mannered boards bring their views to the board table rather than to the lunchroom or around the coffee machine. They are not afraid to challenge each other's views or to expose their own.

They know they will be listened to fully and respectfully and they also know that they have a duty to speak up.

Facing the Real Issues

Well-mannered boards face the real issues and are prepared to take the time it takes to deal with them. They are confident in their collective ability to deal with any issue. They are more concerned with long term quality decisions than quick and easy answers. A well-mannered board values the person who is willing to "stick their neck out" and point out when the board is getting side-tracked or indulging in sloppy thinking. They know that important discussions will raise conflicting opinions but believe that a decision honed from passionate debate about issues is likely to produce a better result than "nice" fudging or "nasty" personality clashing. Rather than fearing change and choice, they see them as the engines of continuous growth.

Not "Passing the Buck"

Boards that have good manners do not try to hide behind anyone else – CEO, committees, "experts" or the Chair. They know that there is no excuse for failing to exercise their responsibility for making their own decisions. Other people can advise, inform and assist but they cannot replace the board. Other people may have more time, knowledge or information but they are not directly accountable to the owners – the board is. And that includes being accountable for judging what information they need to obtain to make their decisions.

Saying What We Mean and Meaning What We Say

Well-mannered boards say what they mean and mean what they say. They do not use their words lightly. They weigh them carefully and express them as clearly as they can. They do not say one thing and then pretend they meant something else. They do not "change the rules"

without telling anyone. They judge the CEO by carefully monitoring his or her performance against pre-stated criteria rather than against opinion and hearsay about unstated expectations. They know that their words are their link to everyone else and that by honoring their word, they honor all those around them.

Acknowledging Our Own Mistakes

Because the well-mannered board understands the value of their word and its impact on others, they are quick to acknowledge when they have failed to stick by their word or to express themselves clearly. They are more concerned with the integrity of their word than their own vanity. They understand that true credibility does not come from the pretending to be infallible but rather from being straight, honest and open with ourselves and others.

Starting and Finishing Meetings on Time

One of the surest signs of a well-mannered board is a board whose meetings start and finish on time. In general we recognize that it is extremely impolite to ask people to be somewhere at a certain time and then to change the time with little or no notice. Yet, when it comes to board meetings we seem to think we have a right to demand uncomplaining adherence to an entirely flexible timeframe. Frequently this means that those who do appear on time get penalized by having to hang around waiting for everyone else. Those who have arranged their lives on the basis of the pre-advertised finishing time also get penalized, having to leave decisions to those who have no arrangements. If a board says one thing about its meeting times but means another, what else is it saying that it doesn't mean? If a board thinks it can play havoc with its members' work, leisure and family commitments without a moment's notice – whom else is it willing to carelessly

Getting Your Board Motivated

It is all very well knowing what good manners look like but we need to do more if we are to motivate boards to adopt them. We need to get really clear about the cost of current behavior and the gain available to us from a different behavior. To expect ourselves to change is unrealistic unless we can change our perceptions about the pain and the gain involved. A good introduction to such a discussion might be to have everyone read this article.

However, there are sensitive issues involved so just introducing the subject of board behavior and expecting people to "speak up" is unlikely to produce much discussion. We need to find ways of introducing the subject which encourage people to feel comfortable with expressing their views and which ensure that everyone participates. One suggestion is to ask pertinent questions but make sure that everyone gives their answers anonymously. Give everyone a sheet to record their answers and then put all the answer sheets in a hat or box. Shuffle the sheets and then have each member draw one sheet out. Now ask the questions again pausing after each one to allow each member to read out the answer they have in front of them.

Examples of pertinent questions might be:
1) How does our board display good manners?
2) How does our board display bad manners?
3) How are bad manners impacting the board?
4) What would be the gains for our board of cultivating better manners?
5) And then finish with an open-ended question to make sure nothing has been left unsaid, such as: The other thing I would like to say about how we behave is ....?

A great plus of this approach is that, often for the first time in a long time, everyone hears what everyone else has to say and the result is a far richer discussion. A powerful and timely reminder of the value of having a board, rather than a single leader, at the helm.

From a discussion such as this, a board can gain a clear picture in the form of lists of good manners, bad manners, costs of bad manners and reasons for cultivating better manners. For individual board members the cost of bad manners may include: loss of ability to express ourselves; loss of job satisfaction; loss of a sense of collegiality with our fellow board members; and loss of a sense of purpose. For the board as a whole the costs might include loss of ability to utilize the value of the different views and experiences around the board table, loss of board direction, loss of ability to give direction to staff, and loss of ability to communicate clearly to those to whom it is accountable. For organizations the costs might include ineffective use of staff time and other organizational resources, inability to judge success and an atmosphere of general confusion.

The lists of good manners, and potential gains from cultivating good manners, can also be created from personal, board and organizational perspectives. Once you have all the lists you can ask people to stand back and suggest anything that they can now see has been left out of any of the lists. The next thing to ask is where are we going to go from here?

Keeping the Motivation Going

Now that your board is really clear about what bad manners are costing them and have a vision of what could be possible if they were to operate as an effective team, it is time to face the fact that the challenges of developing and sustaining specific behaviors remain. Old habits are powerful and will reappear without structures, disciplines and constant reminders of our vision.

If your board is not already familiar with Policy Governance, or has forgotten what it is all about, now would be a very good time to review what the model has to offer. In particular the board could look at how the model would help provide a framework for sustaining its resolve. What does it tell us about the importance of good behavior? What structures and disciplines does it involve? How could it help us keep our vision clear?

Invite the board to look at all the tools available to help them. See the list of resources at the end of this article as a starting point. How can agendas be kept realistic, how can discussions be made most effective, how can individual and group breakdowns be handled, what educational opportunities exist for the board to continue to improve its group process?

One of the most important issues that are likely to come up is that of leadership. Can the Chair's role be more fully empowered to empower the board as a whole? What about training or coaching for the Chair? Is there someone else on the board who could perform the necessary role more comfortably? How can dominant board members be encouraged to exercise their leadership in ways that help the whole board contribute? Whatever the board comes up with as mechanisms for sustaining good manners, it is vital that they are always in front of the board – on the wall, in the front of the board's binder, or as a code at the foot of each agenda. It is also vital that the board feels that its rules are really its rules. It is so human to create a rule, or agree to a rule, and then begin to resent it as if we had nothing to do with it. Whenever you see your board sliding, bring them back. Face them with the fact that they are not abiding by their own rule and ask them to change the rule or abide by it. The answer is fine either way, what is not fine is to say one thing and do another without acknowledging that you are now changing what you originally said.

Back to the Vision

Personally, I want to sit on a board on which I and every other member feel honored. A board on which we all listen to each other and on which everyone takes responsibility for ensuring that their own and everyone else's views are brought to the table. I want to be on a board on which we are all present to the richness of our collective wisdom and experience. A board on which we are all willing to keep ourselves and each other to what we said or to admit that we are off track and get back on or declare a new track. I want to be a part of a board whose members take responsibility for the whole group's behavior and discipline. I want to sit on a board on which I can make a difference. ◎

Some Resources for Developing Good Board Manners:
- The Policy Governance Fieldbook, Practical Lessons, Tips and Tools from the Experiences of Real-World Boards, Caroline Oliver, General Editor, and others, Jossey-Bass Publishers Inc. 1999
- The Fifth Discipline Fieldbook, Senge, P., and others, New York; Doubleday, 1994
- The Team Memory Jogger™, Methuen, Mass. Goal/QPC-Joiner, 1995.
- Groundrules for Effective Groups, Schwarz, R., Institute of Government, University of North Carolina, at Chapel Hill, 1995.
- The Memory Jogger™II, Methuen, Mass. Goal/QPC-Joiner, 1995.

Caroline Oliver may be reached through her website at www.carolineoliver.com or by email at coliver@carolineoliver.com

THE UNIQUE CHALLENGES OF CHURCH BOARDS

A blog post taken from *Leadership Reflections – An Exploration of Leadership Practices*
led by John Pellowe, CEO of the Canadian Council of Christian Charities

Since January I've delivered a seminar called *Serving as a Board Member* right across Canada, and I've heard a lot about the problems boards experience. The striking thing I've learned from these stories is that the very worst problems seem to occur in churches. I know there are some very good church boards, but I mostly hear about the dysfunctional ones. Why are church boards so susceptible to problems? If we can understand the unique challenges inherent in church boards, we should be able to address the problems. I freely admit that I'm about to make assertions with no research other than the stories I've been told, but based on these stories I think these are four reasonable assumptions about why church boards get into trouble more often than other boards:

1. Board members have two relationships with the church at the same time: they are both directors and beneficiaries.

By design, board members are drawn from the church's members (beneficiaries), so there can easily be a conflict between what they personally want from the church and their director's duty of loyalty to put the interests of the church ahead of their own. A Christian agency such as an inner-city mission or an evangelism ministry does not (usually) have board members who are at the same time users of their services, but churches always do.

Not only are they beneficiaries, but because churches have a central place in the life of a believer, directors are personally affected in a significant way by the board's decisions. What makes this a potentially volatile situation is the directors' emotional connection to the church coupled with their feeling of expertise in church life.

- The strong emotional connections arise from the intertwining of their personal lives with church life: they might have been married there, buried a parent from there, or raised their family there.

- Their feeling of expertise (which could be very legitimate) comes from volunteer experience in church ministries, their personal Bible studies, and the books they read or conferences they attend. Should we all be prayer warriors or should we all be ladling soup? Agency directors might defer to the professional expertise of staff, but church directors are more likely to feel just as knowledgeable as the church staff regarding how 'church' should be done.

The director/beneficiary combination means that church directors have a feeling of ownership that agency directors don't have. In theory, a church director may have to vote for something they personally don't want because it is in the church's best interest, but in reality many people find that hard to do. The result is that church boards are more likely to be driven by a wide range of personal, subjective opinions than are agency boards.

2. Church board leadership is often the first experience many church members have in leading an organization.

Directors may earn their living in a trade, in office work, or in sales. They may be a homemaker or a team supervisor, but if the church's membership reflects society, few members will have experience governing. They simply don't know how to be a good board member. It is very easy for a new church director to think, "Finally, it is my chance to make the church the way I want it!" This simply isn't so. And it certainly isn't governance. Unfortunately for local churches, they often end up as the training ground for directors and have to endure the consequences.

3. Church boards have spiritual overtones that agency boards do not have.

The pastor is the spiritual leader of the church, and therefore has spiritual responsibility for the members, making it more difficult for directors to either vote against the pastor or to address performance issues with the pastor. It is difficult enough to do this with an executive director, but it is harder still with your own pastor, the person to whom you turn when in need of spiritual support. But when issues are not dealt with openly, someone is likely to resort to politics to build support for the necessary corrections. The pot boils until it explodes. I remember seeing someone open the lid of a pressure cooker without first letting the steam blow off. BANG!!! Broccoli all over the ceiling

and severely burned arms. It's never a pretty sight when people bottle up their concerns, but that's what some church directors do because they feel constrained by the spiritual overtones. When they feel strongly about something and yet are denied a voice by the pastor or their own reluctance to speak up, BANG; some little thing will finally precipitate a huge crisis.

4. Pastors are likely not equipped to provide leadership to their boards.

My doctoral research showed that a significant percentage of agency CEO's are second-career people who have already gained extensive executive experience in the for-profit world. This equips them to provide the kind of leadership that boards expect of the senior staff person. Pastors are trained in many things: for example, they know how to do pastoral work, to lead people, and to develop a philosophy of ministry. But I don't think they learn how to work with boards and I suspect they do not know very much about organizational leadership. The fact is, a church is an organization and it is also a registered charity, so pastors need to know how to lead both an organization and a registered charity. All too often, church leadership is seen by pastors simply as program leadership. If this were true, then a pastor is really Program Director. What this leaves is a leadership vacuum at the board level. All boards look to the senior staff person for organizational leadership, but church boards look to the senior pastor and find..., well, too often they find not much in terms of organizational leadership. Since power always fills a vacuum, if the pastor doesn't provide organizational leadership, some board member will likely step up and provide it, and then a power struggle inevitably ensues between board and staff. The pastor thinks the board has usurped the pastor's role, but in reality the pastor has left the organizational leadership chair vacant and is sitting instead in the Program

Director's chair. The vacant chair will be particularly noticeable in discussions about strategy, policy and administration; all areas that are outside of programming. The pastor needs to own all of these responsibilities and provide leadership for them, even if some of them are delegated to staff.

> "Their meeting is not a gathering of individual people with business to transact, but is the functioning body of Christ."

To get over these problems, I suggest that church boards and pastors take the following action:

- Board orientation is crucial. All new board members should be educated on what governance is and the role of a director. It is vital that they understand the conflicting roles they have as director, beneficiary and perhaps even program volunteer. Help your directors to be good governors right from the start. CCCC has material to help with this, including some webcasts.

- Board development must be continuous. Every board meeting should have a time to learn about some aspect of governance or board service. Every board should have the goal that they will produce the very best board members possible by the end of their terms. Based on the number of regular board meetings you have per year, and the number of years in a single board term, develop a learning plan for the board that a director will cycle through once per term.

- Both pastor and board must work hard to ensure that everyone truly sees church leadership as a partnership between staff and board. While you must follow your denominational practices, legislation and trust law require the board to exercise its authority in civil matters. Pastors and directors must never fall into the trap of thinking it's "us vs. them." I really like the way Charles Olsen describes the board (his book is listed below): *The board of a Christian organization is the people of God in community, the body of Christ, with members having differing gifts, wisdom and functions. The group's life should be formed by scripture, prayer, silent waiting, witnessing and serving. Their meeting is not a gathering of individual people with business to transact, but is the functioning body of Christ.*" Wow! That puts church governance into proper perspective.

- I've taught a 1 hour course at seven seminaries and Bible colleges this year called *Welcome to Charity Leadership.* I congratulate these schools on taking me up on my offer to come for free to teach this course. (Check my travel schedule to see when I'll be near you.) It opens students' eyes to the reasons why their future treasurers or administrators may say they cannot do certain things. I hope this knowledge reduces future conflict. (CCCC also provides this course as a webcast that can be accessed for free by anyone. We encourage faculty teaching Christian Leadership to include it in their curriculum.) Seminaries and colleges should also offer training that expands leadership from people leadership into the realm of organizational leadership covering topics such as strategy and its implementation, organizational and program evaluation, governance, board/staff relations, and change management.

Students should learn not only from great Christian writers but also from the best that is offered from the secular world. Kouzes and Posner, John P Kotter and Jim Collins are outstanding authors who have a lot to say that is of value to Christian leaders. A mandatory textbook for every Christian Leadership class should be Reviewing Leadership: A Christian Evaluation of Current Approaches by Robert Banks and Bernice Ledbetter. Does your favourite Christian leadership expert stand up to theological scrutiny? These authors dare to take everyone on!

- Okay, here is a real "out there" suggestion. An executive pastor in Calgary was the first person who suggested this to me, and I thought it was completely crazy. But a few years later, I'm not so sure. So, for your consideration: maybe the senior pastor should instead be the preaching pastor and perhaps the program director, and the executive pastor should become, ahem, the executive pastor and report to the board instead of the preaching pastor. Are we unfairly asking pastors to be good at something that just isn't in their gift mix, or interest, or skill base? Maybe we want them to offer their pastoral services to the church and let others provide the organizational leadership services. From what I've heard and read, this is pretty much the arrangement that The Meeting House has and it seems to work well for them. Just a thought. I have mixed feelings about the model, although I can see its advantages.

Here are some excellent resources to help church boards become better boards. My two absolute favourite books on Christian boards are: Transforming Church Boards into Communities of Spiritual Leaders by Charles Olsen, and Building Effective Boards for Religious Organizations: A Handbook for Trustees, Presidents, and Church Leaders by Thomas Holland and David Hester. These are fabulous!! They focus on how boards operate regardless of the governance model in use. (There are other great books that present governance models, but that's not what this post is about.) Two other books are gems as well. Called to Serve: Creating and Nurturing the Effective Volunteer Board by Max De Pree is a practical guide filled with pearls of wisdom. The last book is one that should help the board with group decision making skills: Practicing Discernment Together by Lon Fendall, Jan Wood and Bruce Bishop. These books are all under $20 and should form the core of a governance library in a local church.

To comment on this blog post or to read others posts by John Pellowe go to www.cccc.org/blogs/john.

Blog Categories / Topics

- Church - Agency
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- Personal Leadership
- Organizational Leadership
- Spirituality of Leadership

- Stewardship
- Strategy
- Team Leadership
- Travel

Charity Board's Self-Evaluation Tool

Policy

The board of < > provides invaluable assets to the organization. These assets include ideas, credibility, special expertise, encouragement, wisdom, time, contacts, accountability and spiritual insight. Developing an even stronger governing board requires thoughtful self-assessment on the part of you, the board members. The purpose of this exercise is to help you understand areas of governance in which you are performing well, to pinpoint areas that can be strengthened and to develop a Board Plan to strengthen priority areas. Note that this self-assessment is prepared as a board discussion document only. Once it has served its specific purpose of increasing self-awareness, it should be returned to the organization for destruction.

Overview

The first section (Board Member) is designed to assist board members to evaluate their own participation and performance. The remaining sections are designed to evaluate the organization's performance as a whole. The evaluation tool deals with objective factors, but assigns a subjective and somewhat arbitrary value to each item. Each value, however, was assigned based on an assessment of the item's importance to the board member's or charity's duties, responsibilities.

Evaluation Procedure

- Each board member completes the evaluation independently

- Add the totals of all board members for each line and divide that total by the number of board members completing the line

- Add the combined totals in each section and divide the result by the maximum achievable score printed immediately below the subtotal or total score. The final results are the board's and organization's performance percentage in each category.

- Repeat this procedure for each section

- Transfer the totals for each section to the summary page and complete the percentage calculation

This gives a composite picture of the board members' assessment of their performance. There is no pass/fail but, a board should be concerned if the result in any category is less than 75%. The board should also view an overall result of less than 80% as a signal that more work needs to be done in educating and training board members. It may be that even with an overall high score, immediate action may be required given the results of any one question.

This tool should be helpful to any board regardless of the type of board (e.g., policy governance, working board). Some questions may be reworded to more precisely fit your board's specific situation.

Board Member

Description					Score

1. Percentage of board meetings I attended during the past 12 months (select nearest percentage)

	25% -	50% -	75% -	100%	
I need to take the following action:	0	1	2	3	_____

I will strive _____

2. Percentage of board committee meetings I attended in the past 12 months (if not applicable, score 2)

	25% -	50% -	75% -	100%	
I need to take the following action:	0	1	2	3	_____

I will _____

Description		Score

3. I received no payment for a supply or service I provided to the charity in the past year (not including reimbursement of expenses)

I need to take the following action: Yes - 5   No - 0   _____

I will _____

4. No employee of the charity is a financially dependent family member of myself (spouse, son, daughter)

I need to take the following action: Yes - 5   No - 0   _____

I must _____

5. Number of consecutive years I have served on the board

                                                 <6 = 1   >6 = 0   _____

I need to take the following action:

☐   None because I do not believe that long service is a problem

☐   I will _____

6. My active participation in board discussions is

                                        rare   moderate   frequent

I need to take the following action: 1   2   3   _____

☐   None because my participation is appropriate

☐   I will _____

7. If I abstain from voting, I have the reasons recorded in the minutes.   Yes = 5   No = 0   _____
(if not applicable, score 5)

I need to take the following action:

☐   I will _____

8. Unless I abstain with reasons, I participate in every vote coming before   Yes = 5   No = 0   _____
the board or committee

I need to take the following action:

☐   I will _____

9. I have informed myself of board-member duties by reading or otherwise

                                               Yes = 5   No = 0   _____

I need to take the following action:

☐   I will _____

10.   I participate in all board meetings with independence of mind and am not
        required to obtain approval for my actions from another party   Yes = 5   No = 0   _____

        I need to take the following action:

        ☐   I will _____

11.   I will share with the full board all information I receive that could affect the organization
                                                                              Yes = 5   No = 0   _____

        I need to take the following action:

        ☐   I will _____

12.   I report all conflict-of-interest situations according to the board-approved policy (If not applicable score 5)
                                                                              Yes = 5   No = 0   _____

        I need to take the following action:

        ☐   I will _____

13.   I come to board meetings fully prepared by reading all supporting documents
                                                                              Yes = 5   No = 0   _____

        I need to take the following action:

        ☐   I will _____

14.   I understand and at all times respect the boundaries of the board-staff relationship
                                                                              Yes = 5   No = 0   _____

        I need to take the following action:

        ☐   I will _____

15.   I keep all board matters confidential unless otherwise authorized by board decision
                                                                              Yes = 5   No = 0   _____

        I need to take the following action:

        ☐   I will _____

                                                            Subtotal score _____

                                                                                          65

Board Quality

16.   The maximum of consecutive years a board member may serve is

                                                            2 4 6 8 10 >10
        We will take the following action: 1 2 3 2   1   0   _____
        ☐   None because we do not believe that long service is a problem

        ☐   _____

Description   **Score**

17.   There is a nominating committee to recruit board members (add two points to the score if the committee
        includes at least a majority who are neither current board members nor staff)

                                                                    Yes = 2 or 4   No = 0   _____

        We will take the following action:
        ☐   None because we do not believe that a nominating committee is needed

        ☐   _____

18.   The board has adopted a written policy for the nominating committee to recruit new members who possess
        the relationships, qualities and skills appropriate for the organization

                                                                    Yes = 3   No = 0   _____

        We will take the following action:
        ☐   None because no nominating committee exists
        ☐   _____

19.   The organization has a membership which is larger than the board

                                                                    Yes = 2   No = 0   _____

        We will take the following action:
        ☐   None because a membership larger than the board is not needed

        ☐   _____

20.   The number of board members is   <3   3-11   12-15   15-20   >20
                                                            0   2   4   2   1   _____

        We will take the following action:
        ☐   None because we believe the size of our board is appropriate

        ☐   _____

21.   The number of full-agenda board meetings per year

                                                            <2   3-4   5-7   8-10   >10
                                                            1   4   3   2   1   _____

        We will take the following action:
        ☐   None because the number of meetings is ideal for us as is
        ☐   None because our board both sets policy and implements it

        ☐ _____

22.   A percentage of board members retire each year

                                                                    Yes = 1   No = 0   _____

        We will take the following action:
        ☐   None. We are a perpetual board that recruits new members only when one resigns

        ☐   _____

23.   There is a formal education program for new board members either by orientation or a reading program to inform them of their legal duties as trustees

                Yes = 2   No = 0   _____

     We will take the following action:

     _____

24.   The organization has an audit committee of at least 3 persons (add two points if only board members are on the audit committee)   Yes = 2 or 4   No = 0   _____

     We will take the following action:

     ☐   None. The whole board serves as the audit committee

     ☐   _____

25.   The board members evaluate their participation at board meetings by means of a formal process

                Yes = 1   No = 0   _____

     We will take the following action:

     ☐   None. We do not believe in evaluating a member's board participation

     ☐   _____

                                                 Subtotal score _____

                                                                 28

Board Supervision of Staff

26.   The relationship between board and CEO is clearly documented and followed (If no CEO, read Senior Staff)

                Yes = 2   No = 0   _____

     We will take the following action:

     _____

27.   At every board meeting, the CEO is required to submit a written report of the organization's activities since the previous meeting (If no CEO, read Senior Staff)

                Yes = 3   No = 0   _____

     We will take the following action:

     _____

28.   At every board meeting, the CEO is required to submit for approval any changes in programs or activities when such proposed changes do not fully comply with the board's approved policies and previous approvals (If no CEO, read Senior Staff)   Yes = 6   No = 0   _____

     We will take the following action:

     _____

Description			Score

29. The board annually sets clearly-defined objectives for the CEO and requires him/her to set them for all staff so that staff performance evaluations can be measured against these objectives
(If no CEO, read Senior Staff)　　　　　　　　　　　　　Yes = 3　　　　No = 0　　_____

We will take the following action:

_____

30. The board performs at least an annual written evaluation of the CEO
(If no CEO, read Senior Staff)　　　　　　　　　　　　　Yes = 4　　　　No = 0　　_____

We will take the following action:

_____

31. The board has an approved, written hiring and related staff employment and evaluation policy for all staff
　　　　　　　　　　　　　　　　　　　　　　　　　　　Yes = 3　　　　No = 0　　_____

We will take the following action:

_____

32. The board has an approved, written conduct policy for all staff including volunteers
　　　　　　　　　　　　　　　　　　　　　　　　　　　Yes = 3　　　　No = 0　　_____

We will take the following action:

_____

33. The board sets clear policies with respect to staff remuneration and awards
　　　　　　　　　　　　　　　　　　　　　　　　　　　Yes = 3　　　　No = 0　　_____

We will take the following action:

_____

34. The board sets clear policies with respect to staff training and development
　　　　　　　　　　　　　　　　　　　　　　　　　　　Yes = 3　　　　No = 0　　_____

We will take the following action:

_____

35. The board requires police screening background checks on all staff and volunteers considered for such tasks as counselling and other one-to-one client or donor services
(If not applicable, score 6)　　　　　　　　　　　　　　Yes = 6　　　　No = 0　　_____

We will take the following action:

_____

36. The board has a conflict of interest policy and requires it to be signed by all staff and volunteers

              Yes = 4   No = 0   _____

      We will take the following action:

      _____

                                                   Subtotal score   _____

                                                         40

Mission and Programs

37. The board has a written value statement it communicates to all stakeholders

              Yes = 2   No = 0   _____

      We will take the following action:

      _____

38. The board approves annual operational plans and budgets

              Yes = 4   No = 0   _____

      We will take the following action:

      _____

39. The board has clear mission statement that it communicates to all stakeholders

              Yes = 2   No = 0   _____

      We will take the following action:

      _____

40. The board, at least every five years, reviews its value statement and mission statement

              Yes = 4   No = 0   _____

      We will take the following action:

      _____

41. The board prepares strategic plans within the boundaries of the organization's legal documents

              Yes = 4   No = 0   _____

      We will take the following action:

      _____

42. If the organization engages in out-of-Canada activities or funding, the board ensures that such funding or work is done only by its own staff, by an agent or through a joint ministry arrangement
(If not applicable score 6)   Yes = 6   No = 0   _____

      We will take the following action:

      _____

43. The board regularly monitors the pursuit of each plan objective for its effectiveness

Yes = 3   No = 0   _____

We will take the following action:

_____

Subtotal score   _____

                    25

Financial Controls

44. The organization annually appoints an external auditor

Yes = 3   No = 0   _____

We will take the following action:

_____

45. The audit committee (or full board) meets with the external auditor to ensure compliance with board policies and that applicable laws are followed

Yes = 4   No = 0   _____

We will take the following action:

_____

46. The balance of funds on the financial statements clearly distinguish between externally and internally restricted funds (If not applicable, score 3)

Yes = 3   No = 0   _____

We will take the following action:

_____

47. There are clear policies to ensure that externally restricted funds are never used or borrowed for other purposes or by other funds   (If not applicable, score 6)

Yes = 6   No = 0   _____

We will take the following action:

_____

48. The organization makes its financial statements available to the public upon request

Yes = 2   No = 0   _____

We will take the following action:

_____

49. The board is aware that all reporting requirements and remittances have been made

Yes = 2   No = 0   _____

We will take the following action:

_____

50.   The board approves and monitors the annual budgets

                                                                          Yes = 2   No = 0   _____

             We will take the following action:

             _____

                                                                                         Subtotal score   _____

                                                                                                                       22

Fundraising and Fund Management

51.   The board has adopted a clearly-defined, written code of ethical fundraising and financial accountability
             that is made available to all staff and volunteers

                                                                          Yes = 3   No = 0   _____

             We will take the following action:

             _____

52.   The board has a clearly-defined, written donor-designation policy which is
             communicated in all fundraising appeals (If not applicable, score 2)   Yes = 2   No = 0   _____

             We will take the following action:

             _____

53.   The organization will not accept donor-designated gifts or bequests unless the purpose for which they
             have been received had prior board approval

                                                                          Yes = 2   No = 0   _____

             We will take the following action:

             _____

54.   The organization, if it accepts designated gifts, honours such designations (If not applicable score 2)

                                                                          Yes = 2   No = 0   _____

             We will take the following action:

             _____

55.   The organization does not issue income tax receipts for a payment when part or all of it relates to
             goods, services or advantages, unless authorized by applicable tax law (If not applicable score 6)

                                                                          Yes = 6   No = 0   _____

             We will take the following action:

             _____

56.   The organization has a clearly written investment policy and invests its surplus operating
       funds and restricted funds only in compliance with applicable laws (If not applicable score 5)

       Yes = 5   No = 0   _____

       We will take the following action:

       _____

                                                              Subtotal score   _____

                                                                                            20

Board Performance

57.   A written agenda with supporting documents is sent to each board member at
       least 10 days before each board meeting   Yes = 3   No = 0   _____

       We will take the following action:
       ☐   None because the board does not wish to be bound by written agendas

       ☐   _____

58.   The meetings are conducted according to written rules of order

                                                              Yes = 1   No = 0   _____

       We will take the following action:
       ☐   None because the board does not wish to bound by rules of order

       ☐   _____

59.   All board-committee minutes are sent to all board members and reviewed at the
       next subsequent board meeting   Yes = 1   No = 0   _____

       We will take the following action:
       ☐   None because the board does not require minutes

       ☐   _____

60.   Board minutes recording motions and their disposition are approved and signed at the next
       following meeting and stored with the organization's official records   Yes = 5   No = 0   _____

       We will take the following action:

       _____

61.   All information necessary to make informed decisions and to make it possible for board members
       to meet their legal duties has been shared with all board members without exception

                                                              Yes = 6   No = 0   _____

       We will take the following action:

       _____

62.   The board consults professional experts, such as lawyers and accountants,
        as appropriate   Yes = 5   No = 0   _____

        We will take the following action:
        ☐   None because the board does not wish to spend money for professional advice

        ☐   _____

63.   The organization does not have alternative, honorary or *ex-officio* board members
                                                                Yes = 3   No = 0   _____

        We will take the following action:
        ☐   None because the board believes such positions to be appropriate.

        ☐   _____

64.   The board calls an annual membership meeting
                                                                Yes = 6   No = 0   _____

        We will take the following action:

        _____

                                                                Subtotal score   _____

                                                                                              30

Risk Management

65.   The board ensures that it follows all risk management recommendations
        made by its insurance provider and other professionals
                                                                Yes = 3   No = 0   _____

        We will take the following action:

        _____

66 .   The board annually determines that its property and casualty insurance is   Yes = 3   No = 0   _____
        sufficient and appropriate to protect its assets

        We will take the following action:
        ☐   None because the board does not spend money on insurance

        ☐   _____

67.   The board has an indemnification policy included in its governing documents   Yes = 2   No = 0   _____

        We will take the following action:
        ☐   None because the board is not concerned with personal liability

        ☐   _____

Description				Score
68.	The board has appointed a personal information compliance officer and receives at least annual compliance reports	Yes = 5	No = 0	_____

We will take the following action:

_____

69. The organization has purchased directors and officers liability insurance

Yes = 2   No = 0   _____

We will take the following action:

☐   None because the organization does not wish to spend money on such insurance

☐   _____

Subtotal score   _____

15

Summary Evaluation Results

Charity Name: <   >   Date: _____

	Maximum Possible	Score	%
Board Member	65	_____	_____
Board Quality	28	_____	_____
Board Supervision of Staff	40	_____	_____
Mission and Programs	25	_____	_____
Financial Controls	22	_____	_____
Fundraising and Fund Management	20	_____	_____
Board Performance	30	_____	_____
Risk Management	15	_____	_____
TOTAL SCORE	**245**	_____	_____

CCCC Resources

CCCC Webcasts www.cccc.org/webcasts

- Benevolent Fund: Policy and Receipting
- Charities and Political Activity
- Permissable Charitable, Business & Policitical Activities
- Understanding & Funding Activities Outside of Canada
- Understanding Your Duties as a Director or Trustee

CCCC 2012 Charities Handbook www.cccc.org/pubs

- Chapter 1 - Establishing a Canadian Charity
- Chapter 3 - Operating a Charity
- Chapter 5 - Related Business Activities
- Chapter 6 - Advocacy, Political Activities and Lobbying
- Chapter 7 - Penalties Applicable to Charities

Other Suggested Resources

Links
- Boardsource www.boardsource.org

Recommended Reading

Governance Models
- Brown, Jim. *The Imperfect Board Member*. 0-7879-8610-0 *(good for any organization)*
- Carver, John. *Boards That Make A Difference*. 0-7879-7616-4 *(This explains the Carver model)*
- Carver and Carver. *Reinventing Your Board*. 0-7879-0911-4 *(This book contains a complete board policy manual and instructions how to customize it to your organization)*
- Kaiser, John. *Winning on Purpose*. 0-687-49502-4 *(specific to churches)*
- Stahkle and Loughlin. *Governance Matters*. 0-9733-6850-0 *(Christian model that flows into operational practices)*

General Governance
- Bradshaw, Hayday et al. 1998. *Nonprofit Governance Models: Problems and prospects*. Paper presented at the ARNOVA Conference Seattle Washington, 1998
- De Pree, Max. 2001. *Called to Serve: Creating and nurturing the effective volunteer board*. 978-0-8028-4922-9
- Fendall, Wood and Bishop. 2007. *Practicing Discernment Together*. 1-59498-009-8
- Garber, Nathan. *Governance Models: What's right for your board?* Garberconsulting.com
- Gill, Mel. 2001. *Governance DO's & DON'TS: Lessons from case studies on twenty Canadian non-profits*. Institute on Governance. iog.ca
- Guo, Chao. 2004. *The Effect of Government Funding on Nonprofit Governance*. Nonprofit Research Abridged. Fall 2004
- Holland and Hester. 2000. *Building Effective Boards for Religious Organizations.: A Handbook for Trustees, Presidents, and Church Leaders*. 0-7879-4563-3
- Masaoka, Jan. *All Hands on Board: The board of directors in an all-volunteer organization*. National Center for Nonprofit Boards
- Mina, Eli. 2004. *Mina's Guide to Minute Taking*. 0-9734428-0-8.
- Olsen, Charles M. 1995. *Transforming Church Boards into Communities of Spiritual Leaders*. 1-56699-148-X
- Ryan, Chait and Taylor. 2003. *Problem Boards or Board Problem?* The Nonprofit Quarterly Summer 2003

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