



Governance Documentation: Articles, Bylaws, and Policies

January 2012

All boards (even the most organized, responsible, and congenial ones) need to document their activities, internal rules, and processes. Some of the documentation is legally required; some is simply helpful to have. Some documents are public; some must be kept confidential. Some serve as guidelines for decisions; some are part of the record keeping. For a board that takes its fiduciary role seriously — and they all should — written rules and documentation of activities are simply part of ongoing, everyday risk management.

Why is documentation necessary for a board?

Without rules and guidelines, confusion and unnecessary misunderstanding are likely. Board members must never lose sight of the fact that the board is a legal body functioning in a legal structure. Laws and regulations state the authority, rights, and limits of the board and its organization, creating a frame within which to function. Knowing the rules also builds a barrier against risk. Keeping governance documents in order demonstrates that those responsible for their organization understand this principle and shows their willingness to abide by the rules.

In addition to the documents that define the legal status of a tax-exempt nonprofit, the board needs its own set of documents for its internal organization. Written guidelines steer the board in the right direction when a question arises. They provide a reference for appropriate action, ethical decision making, and managing potential or actual conflicts. They also help newcomers get acquainted faster with the board's culture.

| Boards should pay attention to three types of documents: 1) organizational documents that define the status of the nonprofit and how it functions and may have to be filed with federal, state, and sometimes local governments; 2) internal guidelines for the board; and 3) records that serve as the organizational memory, as orientation materials for new board members, and as testimonials that speak to the organization's worthiness for trust and support.

Organizational documents

One of the first tasks for a founder and the founding board is to determine what type of a nonprofit they want to form. For most organizations, it makes sense to file incorporation papers with your state and tax-exempt applications with the IRS. However, organizations whose activities are purely recreational or limited to a small community or neighborhood activity with minimal finances may be better off as a simple volunteer group that depends on the energy of its members. These groups can draft their own organizational documents as they please and share them with anyone involved in their activities.

Articles of incorporation

Organizations that plan to do fundraising and have program obligations to their constituents must file documents with the state and the IRS. First, in order to form a nonprofit corporation, the organization must file articles of incorporation with the state. Doing business as a corporation provides protection for the individuals managing it against personal losses if the organization falters in its financial obligations. It makes it easier to open a bank account, procure insurance, and obtain any needed licenses for organizational activities; it also provides a sense of perpetuity for the nonprofit as people come and go.

Most states require you to complete special forms when filing for the articles. Do your homework. Read the state's nonprofit corporation laws. Study what the key issues are and how to phrase the necessary provisions. Your articles will state the name and address of your organization, the names of your incorporators and initial board members, and whether you give powers to members or whether the board is self-perpetuating (renewing itself) and responsible alone for decision making. Two important clauses must be included: the assertion that no net earnings will be shared with any board members, members, or managers; and, upon dissolution, a description of how the remaining assets will be distributed to another organization. (See box.)

Sample Dissolution Clause

Upon the dissolution of the organization, assets shall be distributed for one or more exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for the public purpose.

Articles of incorporation are at the top of the legal hierarchical pyramid. The board will not need to refer to the articles on a regular basis, yet they define the ultimate purpose and structural authority in the organization. If any of the key issues change — why your organization exists, where the decision-making power resides (members or a self-perpetuating board), or how to dissolve the organization — you need to refile the articles.

Form 1023: Application for tax-exempt status

It most often makes sense to incorporate the organization before completing the Form 1023, the application for tax-exemption. This sends an additional message to the IRS about the resoluteness of your organization. The form is very detailed. Founders often try to plough through it alone without realizing that the future board would be a primary support and help with the task, as it is ultimately responsible for keeping the mission alive and securing its financial base.

The IRS provides a hefty guide, Publication 557 (<http://www.irs.gov/pub/irs-pdf/p557.pdf>), to help you complete the form. However, it often makes sense to have a lawyer review the draft. You can shave months from the waiting process by having a lawyer ensure that the key points are properly stated and nothing essential has been excluded.

Because the approved application form is a public document, available for anyone's inspection, it is important to keep a copy in a safe place.

Determination letter

Probably the most important organizational document is the determination letter, which is received from the IRS after you filed the tax-exemption forms — and after the IRS recognizes the nonprofit as a public charity, private foundation, business association, civic league, or any other of the nearly 30 different 501(c) tax-exempt categories.

This document is permanent as long as the organization's mission and structure remain essentially the same, and it needs to be guarded with care. Like the articles of incorporation, the board and staff will not normally need to refer to it but will need to share a copy with anyone requesting to see it — particularly funders. If the organization is a public charity, the determination letter proves that it can receive tax-deductible donations.

Organizational statements

Every board should ensure that the organization has a clear mission statement, vision statement, and, ideally, ethical guidelines or a code of conduct. These documents define why the organization exists, what it hopes to accomplish in the future, and how the board members — and staff — are expected to conduct themselves.

The mission is the reason for forming the organization in the first place. The **mission statement** defines the purpose of the nonprofit in a concise manner. It is the foundation for the organization's work.

The vision is the organization's dream; it defines what your community, issue, and organization will look like when the mission has been achieved. The **vision statement** captures the “state of affairs” when the organization has accomplished its dream.

Sample Vision Statements

We want to see every child in our community read a book every month. (Library)

Each student will be equipped with the opportunity to reach the American dream.
(University)

We envision our neighborhood as the most desired place to live in our state.
(Neighborhood association)

Internal guidelines

Bylaws

Bylaws, next in line in authority after the articles of incorporation, must not contradict the articles. Bylaws contain the key governance principles of the organization. They are the rules, the main policies, by which an organization is governed and provide a foundation for the board. The key to manageable bylaws is not to rely on legalese but to state the board's wishes in simple terms that do not need an interpreter. Because situations change, the board's needs evolve, and board members learn new and better practices, bylaws should be analyzed for fine-tuning every few years.

Sample Clause: Board Size

The board shall have no fewer than 9 and no more than 20 members.

It is never wise to adopt another organization's bylaws. Gather all board members, without outsiders (not even a lawyer) to work on the task. Look at sample documents and determine together how you want to handle the situations found in the various clauses. Brainstorm what additional issues should be included, while not turning the document into a detailed guide of processes and procedures. In many circumstances, it is fine to refer to a separate policy or procedure that clarifies the details. Just include the main principle. For example, you do not need to include the entire conflict-of-interest policy in your bylaws, but, rather, state that a separate policy serves as the definition and implementation tool for managing these conflicts. Neither do you need to list all your committees and their job descriptions; rather, give the board the discretion to form committees and task forces as the need arises. When you are finished, if you want additional assurance, have a legal counsel check the contents of your bylaws.

Sample Clause: Bylaws Amendment

These bylaws may be amended or new bylaws adopted upon the affirmative vote of [a majority] [two-thirds] [three-fourths] of [a quorum of the board of directors] [all the directors then in office] at any regular or special meeting of the board. The notice of the meeting shall set forth a summary of the proposed amendments.

Some of the key issues that should be covered in the bylaws include how to elect board members and officers, run meetings, and amend bylaws; the authority of the chief executive; board size; term limits; committee formation; compensation; and indemnification of board members.

Additional policies

Individual policies are the logical extension of the bylaws. The bylaws provide the main structure; the policies provide guidance on issues and board practices that should not be detailed in the primary legal document. Because your board will find it necessary to change, update, and create new policies on a fairly regular basis, it is not practical to include all the policies in the bylaws. The process of adopting a policy is much simpler — a regular voting procedure in the meeting — whereas a bylaws amendment may involve a review of the entire document and usually requires a super-majority vote. Furthermore, in a membership organization, the members usually need to approve amendments to the bylaws.

Policies can paraphrase a law, explain a procedure, clarify a principle, or express a desired goal. They can address the protocol to follow to help diminish embarrassing or potentially harmful situations, improper behavior, and ineffective decision making. An organization usually has board-related, personnel, and financial policies (the financial ones either clarify the board's responsibilities or how the staff handles financial issues.) The chief executive is responsible for personnel policies and office procedures, but the board should make sure they exist and are adequate.

In practice, there is no strict guideline on who on the board is responsible for creating most policies. Often it makes sense to rely on a team effort. The chief executive and senior staff regularly help with the work, doing research on general practices, drafting samples, and keeping the files in order.

Board task forces or the governance committee should review policies on a regular basis to ensure that new ideas or legal issues are properly included. After all, these documents comprise the board's marching orders. Sometimes, a challenge or problem may prompt the drafting of a new policy. New laws may require the board to check that its policies are still in compliance. Boards will benefit from a proactive approach, as thoughtful policies will prepare the board for difficult situations.

Examples of individual policies include gift acceptance policies and personal contribution policies (see below) as well as policies indicating the amount of organizational spending that requires a board member's signature, the procedures whistleblowers should follow to confidentially report alleged wrongdoings, and board member expectations around fundraising.

Gift Acceptance Policy

Acceptance

XYZ reserves the right to decline any financial commitment, gift, or bequest, as well as the right to determine how a gift will be credited and/or recognized.

Restricted and unrestricted gifts

Unrestricted gifts shall be encouraged unless 1) the donor indicates that he or she is only willing to make a restricted gift or 2) the option of a restricted gift will otherwise significantly increase the chances of obtaining a gift from the donor.

In drafting instruments for the gift of restricted funds to XYZ, or to any of its affiliated organizations, donors and their advisors shall be encouraged to use language that would permit application of the gift to a more general purpose if, in the opinion of the board, the designated purpose is no longer feasible.

All receipts from unrestricted bequests, annuities, charitable remainder trusts, or charitable lead trusts shall become a part of the general endowment, unless the executive committee determines a particular unrestricted gift of the type enumerated in this paragraph should be deposited in a different account.

Administrative expenses

XYZ will not pay commissions or finder's fees as consideration for directing a gift to XYZ or to any of XYZ's affiliates.

Donors are responsible for obtaining their own appraisals for tax purposes of real property or tangible or intangible personal property being given to XYZ and for any fees or other expenses related to such appraisals.

XYZ retains the right to obtain its own qualified appraisals of real property or tangible or intangible personal property being offered as a gift at its own expense.

XYZ will acknowledge receipt of gifts of tangible personal or real property in accordance with the federal tax law and will sign any IRS form or other documents necessary for the donor to obtain a tax deduction for such gifts, so long as such acknowledgment does not entail valuing the gift.

Prospective donors shall be responsible for their own legal, accounting, appraisal, transportation, and other fees related to XYZ.

Professional Advice

Prospective donors shall be strongly encouraged in all cases to consult with their own independent legal and/or tax advisors about proposed gifts, including tax and estate planning implications of the gifts. No representative of XYZ shall provide legal or tax advice to any donor or prospective donor.

Upon request, representatives of XYZ may provide to the donor sample bequest language for restricted and unrestricted gifts to ensure that a bequest is properly designated. XYZ may also provide, upon request, IRS-approved prototype trust agreements for review and consideration by the donor and his or her advisors. The sample nature of such language or agreements shall be clearly stated on all documents given to donors, and donors shall be advised that consultation with their own legal advisors is essential prior to use of such standard language or specimen agreements.

Confidentiality

All information about donors and prospective donors, including but not limited to their names, the names of their beneficiaries, the nature and amounts of their gifts, and the sizes of their estates will be kept confidential by XYZ and its representatives, unless the donor grants permission to release such information. All requests by donors for anonymity will be honored, except to the extent that XYZ is required by law to disclose the identity of donors.

Authority

The board chair or his or her designee is authorized to enter into planned gift agreements on behalf of XYZ and to execute any and all documents necessary or appropriate to consummate such agreements.

Any exceptions to these gift acceptance policies may be made only in exceptional circumstances, on an individual basis, and shall require the approval of the vice chair of development and the executive committee of the board.

These gift acceptance policies may be amended by the executive committee, upon recommendation from the development committee of the board.

Excerpted from *The Nonprofit Policy Sampler, Second Edition* by Barbara Lawrence and Outi Flynn, a publication of BoardSource, formerly the National Center for Nonprofit Boards. For more information about BoardSource, call 800-883-6262 or visit www.boardsource.org. BoardSource © 2006.

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Personal Contribution Policy

Board members are expected to give an annual monetary gift to XYZ and are asked to make XYZ a priority in their personal giving. Board members are expected to be involved in fundraising by using their personal and business connections when appropriate, by soliciting funds when appropriate, by serving on fundraising committees, and by attending fundraising events.

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Board processes

Process and procedure documents address the nitty-gritty side of policies. They explain how to implement a policy. For example, they clarify in detail the steps involved in recruiting board members, removing board members, or resolving conflicts.

Removal of a Board Member

1. We try to prevent conditions that make removal necessary by recruiting members who are committed and eager to learn; by keeping our bylaws and policies up-to-date to reflect our board's values; and by installing term limits to allow natural turnover.
2. We communicate with the problem board member and assess the situation.
 - a. Chair discusses the situation with a disruptive board member and asks for a change in behavior.
 - b. Chair discusses the reasons for passivity and recommends change.
 - c. Chair finds out the reason for absences and recommends a solution.
 - d. The chair brings up unacceptable behavior for board discussion in an executive session and recommends removal.
3. We provide an option of resignation for cases a, b, and c if no change takes place.
4. We vote on removal in an executive session if no positive change takes place.
5. The chair sends a notification of removal to the board member and ensures the issue is recorded in the minutes.

Having policy implementation steps written down institutionalizes the process and serves as standard operating procedures. Following them faithfully avoids unnecessary wavering or even bickering about potentially unpopular results. Whenever the steps seem confusing or too complicated, the board can change them through a simple resolution.

Job descriptions and charters

As every manager knows, job descriptions are the basis for getting work done by designated people or groups. It is no different for the **board**. A job description for the board is a tool for recruitment, just as it would be for employee hiring. Job descriptions — or more specifically, an explanation of the board’s responsibilities — save the board from a multitude of misunderstandings and misinterpretations and delineate the board’s role from that of the staff. All boards need a document that lists the responsibilities of the full board. Fortunately, BoardSource’s *Ten Basic Responsibilities of Nonprofit Boards* has done the work for you.

Board Responsibilities

1. Determine mission and purpose. It is the board's responsibility to create and review a statement of mission and purpose that articulates the organization's goals, means, and primary constituents served.
2. Select the chief executive. Boards must reach consensus on the chief executive's responsibilities and undertake a careful search to find the most qualified individual for the position.
3. Support and evaluate the chief executive. The board should ensure that the chief executive has the moral and professional support he or she needs to further the goals of the organization.
4. Ensure effective planning. Boards must actively participate in an overall planning process and assist in implementing and monitoring the plan's goals.
5. Monitor, and strengthen programs and services. The board's responsibility is to determine which programs are consistent with the organization's mission and monitor their effectiveness.
6. Ensure adequate financial resources. One of the board's foremost responsibilities is to secure adequate resources for the organization to fulfill its mission.
7. Protect assets and provide proper financial oversight. The board must assist in developing the annual budget and ensuring that proper financial controls are in place.
8. Build a competent board. All boards have a responsibility to articulate prerequisites for candidates, orient new members, and periodically and comprehensively evaluate their own performance.
9. Ensure legal and ethical integrity. The board is ultimately responsible for adherence to legal standards and ethical norms.
10. Enhance the organization's public standing. The board should clearly articulate the organization's mission, accomplishments, and goals to the public and garner support from the community.

Ten Basic Responsibilities of Nonprofit Boards, Second Edition by Richard T. Ingram. BoardSource, 2009.

Individual board members need to understand the distinction between the full board's role and their own role. For board members, it is more accurate to talk about expectations, their personal commitments, as a member of the team. Each board member is accountable for his or her own actions and non-actions as well as keeping fellow members accountable for their expectations. In that sense, it is a team effort. When accepting an invitation to serve on a board, you agree to participate actively in committee work, come to meetings prepared, participate in fundraising and personal giving, and leave private agendas at home.

Some boards draft a board member agreement to specify the commitments and ask their board members to sign the statement when they join the board.

Board Member Agreement

As a board member of XYZ, I am fully committed and dedicated to the mission and have pledged to carry out this mission. I understand that my duties and responsibilities include the following:

1. I am fiscally responsible, with other board members, for this organization. I will know what our budget is and take an active part in reviewing, approving, and monitoring the budget and fundraising to meet it.
2. I am legally responsible, along with other board members, for this organization. I am responsible to know and oversee the implementation of policies and programs.
3. I accept the bylaws and operating principles manual and understand that I am morally responsible for the health and well-being of this organization.
4. I will give what is for me a substantial financial donation. I may give this as a one-time donation each year, or I may pledge to give a certain amount several times during the year.
5. I will actively engage in fundraising for this organization in whatever ways are best suited for me. These may include individual solicitation, undertaking special events, writing mail appeals, and the like. I am making a good-faith agreement to do my best and to raise as much money as I can.
6. I will actively promote XYZ, encourage and support its staff, and work in concert with the steering council.
7. I will attend board meetings, be available for phone consultation, and serve on at least one XYZ committee. If I am not able to meet my obligations as a board member, I will offer my resignation.
8. In signing this document, I understand that no quotas are being set, and that no rigid standards of measurement and achievement are being formed. Every board member is making a statement of faith about every other board member. We trust each other to carry out the above agreements to the best of our ability.

Signed _____ Date _____

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Boards also need **board officer job descriptions** to clarify what oversight functions belong to each officer. Board officers do not have special, additional authority to make board or organizational decisions; rather they have additional obligations as leaders. At times — particularly when it is difficult to find members willing to take on these leadership roles — it is helpful to review the board officer job descriptions and determine how to redistribute some of the tasks to make the work load more equitable and reasonable.

While it may seem superfluous to include the **chief executive's job description** and annual expectations in the governance documentation, BoardSource recommends you do so. Even though the person holding the position reports to the board, he or she is an important part of the nonprofit's governance. Most often, the chief executive is an *ex officio* non-voting member of the board, and the board could not do its job properly without strong input by the chief executive (and vice versa.) In addition to covering the management duties, the chief executive's job description and annual expectations should clearly define the manner in which he or she is expected to interact with, develop, and support the board. The job description and the statement of annual expectations and goals are also key documents for performance evaluation and provide guidance on the board's view of how to implement its overall directives. The success of the organization is directly related to the success of the chief executive. Mission accomplished!

Committee charters

Committee and task force charters define what these work groups are expected to accomplish and are determined by the full board, not the individual work groups themselves. There is no need to define any committee or task force's specific tasks in the bylaws. This includes the tasks associated with the board's standing committees. A separate charter ensures a continuous and focused execution of a committee or task force's work between meetings.

Executive Committee Charter

The work of the committee revolves around five major areas:

1. Perform policy work.
 - a. Carry out specific directions of the board, and take action on policies when they affect the work of the executive committee or when the full board directs the committee to do so.
 - b. Act on behalf of the board on all issues related to XYZ business between board meetings, with responsibility to report actions to the board for ratification or further board action at the next meeting.
2. Act as liaison to the chief executive.
 - a. Nurture the chief executive by providing counsel, feedback, and support when needed.
 - b. Plan and conduct annual assessment of the chief executive and report the results of the assessment to the board and chief executive.
 - c. Review compensation and benefits for the chief executive.
3. Coordinate the development of a strategic planning process.
 - a. Initiate the board's involvement in establishing a strategic framework or direction.
 - b. Approve and/or assist in long-range planning.
 - c. Review XYZ annual performance plan focusing on progress made, or the lack thereof, in accomplishing goals on a semi-annual basis and reporting to the board as warranted.
4. Conduct executive searches.
 - a. Assume the lead in the search for a new chief executive or delegate the responsibility to a task force.
 - b. Conduct the research necessary to determine an appropriate salary for the chief executive.
 - c. Seek approval from the full board before terminating an existing chief executive or hiring a new chief executive
5. Handle urgent issues.
 - a. Resolve an emergency or organizational crisis (e.g., loss of funding or unexpected loss of chief executive).

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Reporting documents

Next, we have documents that record the actual decisions and flow of activities in which the board has been involved. These are after-the-fact documents, a record of decisions and the accomplishment of activities. Some of them serve as a protection for individual board members; others serve as a tool to show the organization is worthy of supporters' backing.

Form 990

The main public document that records the board's governance practices is the annual Form 990, which was overhauled in 2008. The IRS now requires nonprofits to indicate whether the board has approved certain policies and followed specific processes when making governance decisions. Our laws do not require any policies to be in place but the board does have to disclose if it has no conflict-of-interest, whistleblower, or document-destruction policies. Having written policies ultimately is the easiest way to guide everyone's actions.

Form 990 is the most reviewed organizational document. It can be used as an accountability tool with your funders and donors and as a marketing tool with your service and product users. A versatile compilation of internal processes and practices as well as financial data, it shows the IRS that you deserve your tax-exempt status. It's important, therefore, that you provide accurate information, make sure the board reviews it before it is filed, file it on time, and post it on your own website to show that you have nothing to hide.

Meeting minutes

All meetings should be framed around an agenda; minutes are the proof that the agenda was accomplished. Each board member needs to read the draft minutes and approve the contents at the next meeting. How minutes are taken and memorialized is critical, and should not be taken lightly. Governance consultants may want to check your meeting minutes to see how your board handles its business. Lawyers may want to check your minutes to determine the validity and chronological order of decisions and to assess an individual board member's involvement when his or her duty of care is questioned.

Today, it is standard practice for a staff member to take the minutes to allow all board members to give their full attention to the discussion. There is no one-size-fits-all format for the minutes. Try different models to find a structure that fits your board's culture. The minutes should not be a transcript of who said what, however. The aim is to record the board's decisions and some evidence of how it got there. The aim is to stress the board's due diligence in its decision making, while keeping the scope of the document within reason.

Keep good track of who attends your board meetings. This is evidence of one aspect of board member engagement. Discuss as a board how much information you want to include in the minutes about individual voting choices. Conscientious board members

may want to see that they approved, opposed, or recused themselves when voting took place to demonstrate their personal participation.

Keep the minutes in chronological order in a binder or electronically — or both. Every board occasionally needs to go back in history to verify a final decision or whether the board actually approved a document or a plan. Your board members should have access to these files; consider a protected website for the board.

Lobbying activity

To avoid costly excise taxes or even a loss of tax exemption, the board of a charity involved in lobbying needs to ensure that lobbying expenses are recorded. Don't mix "mission advocacy" with lobbying, however! You can — and should — freely talk and write about a clean environment, parental attention to children, dangers of smoking, or good governance for all boards. All boards should advocate their cause. Legal recording is tied to actual lobbying. Also, keep in mind that lobbying is not out of bounds for public charities! On the contrary, it often can create meaningful impact for your policy issues. If your organization is heavily involved in lobbying, consider filing for the 501(h) option — a tracking system that is based on financial expenses only and does not rely on the very vague "substantial" measure that the IRS uses otherwise. Ensure that the staff keeps accurate records, incorporates e-communication to make the funds go further, and files the appropriate forms annually.

Compensation substantiation

If your board is not following the IRS reminders, regulations, and audits on compensation practices in tax-exempt organizations, it is living under a rock! Excessive compensation is one of the major issues that lands nonprofits on front pages for the wrong reasons. Like employees in all sectors, nonprofit workers deserve appropriate and competitive salaries, but it is easy for the IRS to raise questions if you are unable to substantiate salary decisions. The safe harbor measures expect you to do comparative studies, document your investigation, and have only independent (not personally implicated) board members decide on the compensation package for the chief executive. And finally, make sure the entire board is familiar with the employment contract and compensation structure for your chief executive.

Board manual

The board manual is an internal compilation of your documents. No law demands that you have one, but it does provide your board members easy access to all your documents. Being organized in this way enables current members to easily refresh their memory when needed and new members to learn about your board's culture. While the manual serves as a depository of documents, it does not replace thorough orientation for new board members, however.

It may seem trivial, but if you make the document attractive and well organized, it will be used. Most often, the executive assistant of the chief executive is responsible for updating the documents and delivering these updates to board members. Making all these documents electronic is an efficient method of dissemination.

Public Access

Some of your governance documents must be available for anyone who requests a copy. These include the following documents:

- Form 990s for the past three years, including 990-EZ and 990-PF; public charities may leave out the names of contributors.
- Form 990-T, the filing of your unrelated business income taxes.
- Form 1023 (1024), your application for tax exemption, and other support documents filed with it.
- Your determination letter – usually to prove your organization is a 501(c)(3).
- Board meetings and minutes if you fall under your state's open meeting laws.
- Your articles of incorporation are available for review where you filed them.
- Financial and other potential documents available to your members according to your state statutes.
- If you do not have your determination letter and you do solicit funds, you need to disclose this fact.
- Your state may require other disclosures, so make sure you are familiar of the regulations that apply to your organization.

Are You Being Audited?

Blue Avocado (December 5, 2011) published a story of a small nonprofit being audited by the IRS. It included the following documents in the IRS's list of interest. Most of them are not pure governance documents but still useful to keep in a safe place for the eventuality that the IRS knocks on your door.

- Original application for 501(c)(3) status, articles of incorporation, bylaws, and any amendments.
- IRS letter granting tax-exempt status.
- Minutes of all board meetings and committees to help the IRS determine whether the organization had "sufficient and adequate internal controls" and to "determine the extent of board oversight."
- Brochures, newsletters, and any advertising from the organization.
- And lastly, financial records including
 - chart of accounts
 - general ledger
 - working trial balance
 - cash receipts and cash disbursements journal
 - cancelled checks
 - invoices
 - bank statements

- credit card statements
- expense reports
- past three years of Form 990s
- contracts, notes
- copies of all 990s, W-2, W-4, and any other federal documents
- description of membership benefits, if any
- detail of any fundraiser fees and event schedules

It's all about good governance

Nobody is likely to argue about the need to be diligent when documenting policies and processes and keeping organizational papers orderly in a safe place. Being organized simply facilitates your organization's daily life and is indispensable in risk management. But, above all, careful documentation is the basis for good governance.

The nonprofit organization is a legal entity and insiders, constituents, supporters, and various oversight bodies assess and judge its activities according to how it complies with laws and follows its own guidelines.

Compliance, however, is not enough. Organizations that want to remain relevant and outperform their annual and longer-term goals (and their competitors) while also attracting funders need to show that they are well organized and abide by the best practices. One need only glance at recent headlines to realize that it is important to communicate a unified message via organizational documents and to go beyond required documentation. The board is the authority behind the organization and has the responsibility to ensure its integrity.