



BOARDROOM RESPONSIBILITIES

Serving on the board of directors is a rewarding and important responsibility for you and your peers. This guide is a tool that boardroom leaders can use to gain unique aspects associated with governing your private club.

Your Board Governs the Club The Staff Manages

Governance: Volunteer leaders are responsible for the direction of the organization.

The board governs, develops policy and sets a course...

The club's mission statement should frame all discussions and importantly, avoid micro-management.

Four board functions are:

- Governance
- Fiduciary
- Policy
- Vision

Management: Your paid professional staff are responsible for the administration of the organization. Staff partners with the board to advance goals and strategies, while taking care of the daily administrative needs unique to your club operation.

Unique Private Club Terminology

Not-for Profit

Refers to the legal corporate status of the organization. (it does not imply an exemption from paying or collecting State sales tax.)

Exempt Organization

A reference to the IRS designation exempting the organization from paying most Federal Income Tax (with exception of *UBIT- Unrelated Business Income Tax.*)

501 (c) 7

Designation refers to professional societies, trade organizations and business leagues.

Board Responsibilities

1. Determine and advance the club's mission & purpose
2. Select the chief paid executive as well as the CPA and attorney
3. Support the chief executive and assess performance periodically – usually measured by the club's goals and strategic plan
4. Ensure effective organizational planning
5. Ensure adequate resources (funding, time, volunteers, staff, technology, etc)
6. Resource and financial oversight
7. Promote and protect the club's image
8. Ensure legal and ethical integrity and maintain accountability
9. Recruit and orient new board members, and assess board performance annually

Scrutiny of Nonprofits

In response to corporate scandals, government has increased scrutiny of boards of directors. The Sarbanes Oxley (SOX) was adopted in 2002. In 2008 the SOX requirements were applied to nonprofits. Boards are expected to maintain their accountability, independence and transparency while governing. Policy questions in IRS Form 990 include:

- Audit & Audit Committee
- Whistleblower
- Compensation
- Document Destruction
- Conflict of Interest

Insurance & Volunteer Immunity

State & Federal Governments afford certain protection to volunteer leaders. While the volunteer may have some protection, the organization is still open for legal suits. Insurance coverages add further protection for volunteers and organization.

Directors & Officers (D&O) Liability

May cover legal defense for employment, copyright, and antitrust claims, for instance.

General Liability insurance covers property damages and injuries relating to the organization.

Fidelity Bond covers losses resulting from fraudulent or dishonest acts committed by an employee.

Personal Liability may cover expenses if you act outside your role as a director.

Legal Principles

Duty of Care requires leaders to use reasonable care and good judgement in making their decisions on behalf of the interest of the organization.

Duty of Loyalty requires leaders to be faithful to the organization, avoiding conflicts of interest.

Duty of Obedience requires leaders to comply with governing documents (i.e. bylaws, articles of incorporation, policies, etc.)

Board Tools

- Mission Statement
- Articles of Incorporation
- Bylaws
- Policy Manual
- Strategic Plan
- Financial Statement (Budget)
- Meeting Minutes
- Organizational Charts
- IRS Forms
- Frequently Asked Questions



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ASSOCIATION OF PRIVATE CLUB DIRECTORS

1100 South Coast Highway, Suite 306 | Laguna Beach, CA 92651 | 949-376-8889 | www.apcd.com

Common Sense

- Prepare for meetings; read your information and make calls for clarification *BEFORE* the meeting.
- Respect the meeting. Read the agenda and know your Rules of Order.
- Begin and end your meetings on time. There is no need for a multi-hour meeting unless you have mistrust.
- Know your club's mission and goals.
- Listen more than you speak!
- Check your personal goals at the door.
- Respect confidentiality. Gossip will cripple the outcomes.
- Speak with one voice following the meeting.
- Do speak for the organization without authority by the president.

Committees

- Committees are an integral part of a successful club. Their purpose includes: supplementing the work of the board and staff; engaging members and identifying future leaders.
- Committees are an extension of the board of directors and may appear as representatives of the club. Committees **DO NOT** have authority to speak for the club, expend funds nor sign contracts.
- Committees should produce results. They do not have authority to direct staff in any way.
- Ask the question: is this committee necessary?
- Eliminate standing committees in favor of task forces that can act short-term.
- Committees must be aligned with the club's strategic plan and goals.
- Committees should interface with other committees to collaborate.
- Most efforts of a committee will require approval by the board.
- Recommendations to the board should be in the form of a motion or resolution. A request to the board must be clear and concise so directors can fully understand and approve.

Strategic Planning

- A strategic plan focuses the club's board on mission and goals for a three to five-year term. It serves as a roadmap. The plan should be revisited every year and redeveloped every two to three years. Board members should be able to think beyond their term in office.
- ENVIRONMENTAL SCAN – a review of the external and internal influences on your club such as a SWOT analysis.
- MISSION – the purpose of the club's existence.
- VISION – would be an inspiring statement of image and success in and outside the community.
- GOALS – these are the priorities that will advance the mission.
- STRATEGIES – fresh and continued approaches to achieve the mission and goals.
- PERFORMANCE MEASURES – delegation, deadlines and accountability.
- ADMINISTRATOR – a director or other club member that will be assigned to monitor and report on plan progress.

Clubs Rules of Order

AGENDA ensures that important business is covered and discussions are on topic.

MOTION are movements towards action stating, I move we.....

A *SECOND* is required for the motion to be discussed.

AMENDMENTS may be made to most motions if they improve the intent or clarify the original motion.

TABLING sets the motion aside – with no questions asked until the next meeting.

CALL THE QUESTION refers to ending the discussion and voting on the motion.

VOTING is the recording of the vote on the motion. You can adopt, amend, kill or table a vote.

OFFICIAL MINUTES will protect the club by recording the location, participants and outcomes of motions. They **ARE NOT** a place to record conversations or specific reports. Specific reports or discussions can incriminate.

PRECAUTIONS

- Too many people at the planning retreat will slow the process. Fifteen to 20 are ideal for meaningful conversations.
- Short-term thinking; it's not a strategic discussion if board members cannot think beyond their term in office.
- An inexperienced facilitator or one with an agenda can slow down your process. Hire a skilled professional.
- Meetings are over several months rather than collecting data and completing the plan within a few weeks.
- The wrong people at the planning meeting – you must have visionary leaders.
- Leaders and staff ignore the plan and go back to doing things as before.



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