

Recruiting New Board Members: 13 Documents Every Main Street Organization Should Give to Potential Candidates

By Donna Ann Harris, CMSM | From *Main Street Story of the Week* | February 27, 2014 |



The Nominating Committee of your Main Street organization is a working committee that routinely gets suggestions for possible board members from your board, staff and volunteers. Ideally your Nominating Committee should meet throughout the year to consider possible candidates before approaching them about serving on your board. As your organization becomes more skilled at its revitalization work, sometimes individuals directly tell the Executive Director or other board members, “You know, I would really like to be on the Main Street Board.” It is exciting to have people eager to become a part of your organization, but your Nominating Committee still has a big job ahead.

Main Street Board service is serious business as board members have very specific fiduciary duties. The Attorney General of Minnesota provides [this advice](#) for Board members of nonprofit organizations on their duties – your state Attorney General or Secretary of State may have a similar list, so search it out. While it is a lot of work, it is also rewarding to serve on the Main Street Board, as these individuals guide all of the great things that your local revitalization organization will be undertaking during their board term. In the spirit of transparency, I recommend collecting and providing these documents to potential board members before they agree to serve, as this information will help your new recruits to be a more informed and engaged board member immediately as they begin their term.

Not every local Main Street organization will have all of these documents in hand, especially new Main Street programs. Gather together what you have now and acknowledge what you plan to produce in the future. All of these documents are important for potential board recruits, as the documents as a group, show the inner workings of the organization. Don't worry if you think some of the documents cast your organization in a less than flattering light – such as a recent deficit on a financial statement. You want potential board members to make a complete and informed decision about serving on your Board. Also, be sure to tell your potential board members when there will be

a formal orientation or board training so that they can plan ahead.

In the list below, I offer discussion points for each document, so your potential board member will get a complete understanding of responsibilities of board membership from the Nomination Committee member who visits them.

Organizational Documents:

- 1. Complete organizational bylaws with all amendments.** Any prospective board member needs to know the rules that govern the organization. Bylaws are the basic playbook. Have your Nominating Committee member review any board attendance requirements in the bylaws and the consequences if board members miss meetings. Impress upon the candidate any requirements for committee service and ask them if they will be able to fulfill these requirements in addition to their other work and family commitments. Explain if there have been any amendments to the bylaws, when they were made, what issues they addressed, and why the amendment(s) were necessary.
- 2. Strategic Plan.** If your organization has a strategic plan, it will show the ambitions of the organization for the future. Potential board members need to understand your future vision and see that you are making steady progress towards fulfilling those strategic goals. Explain a handful of strategic goals that may interest the new board member. New Main Street organizations may not have created this document yet, but tell your possible board member, when your Main Street organization will complete its first Strategic Plan.
- 3. Description of board member responsibilities and the board commitment form.** Be clear about your financial expectations of new board members. What kind of annual cash contribution is expected, if any? What are the attendance expectations at your Main Street organization's fundraising events, if they are held? Do not evade this topic or make light of it. This is critically important information for any board member. If your board does not have a board commitment document spelling out all the time, talent and treasure requirements yet, look at the version the Pennsylvania Downtown uses for its board that is available in the [National Main Street Center's Solution Center](#). Customize a version that fits your organization's situation.
- 4. Current Board list (with affiliations).** It helps to know who else serves on the board and what they do as their day job, so provide the board list. Ask your candidate for board service how they know anyone in common. Hopefully, they already know the Executive Director because of their volunteer service to the organization, but provide the names of all other staff members if there are any. Tell the candidate why their particular skills or talents fit within the overall mix of the existing board members and your hopes for their involvement.
- 5. Reinvestment Statistics (most recent and cumulative).** Your organization's reinvestment statistics are your scorecard, and they are very impressive to an outsider. Show them and explain the big difference your organization has made to your downtown over the years.
- 6. Current board-approved work plans.** Work plans are the lifeblood of any local Main Street program and a requirement to become recognized as a National Main Street organization. Your candidate may already be familiar with work plans because of their work on a committee or large event, but the candidate may not understand the workings of the rest of the organization. Review the current work plans for the entire organization so your candidate gets a good overview how the organization works before they make a commitment to serve as your board member.
- 7. Board Policies.** Review the current formally adopted board policies, especially the conflict of interest policy. Show the annual conflict of interest policy statement to be signed by every board member. If you don't have one, the Montana Nonprofit Association provides a sample conflict of interest policy and annual statement for board members that might be worth considering. You can view it [here](#).
- 8. Executive Director's job description, a brief biography and salary.** Provide to the possible board candidate, the current the job description for your top staff member even if it is outdated. Discuss how long the Executive Director has been with your Main Street program, their salary and the last time there was a raise, bonus or benefit increase.

9. Minutes of the three or four most recent board meetings. Board minutes tell a lot about the inner workings of an organization. You would expect them to show the general business of the organization, which board members attend meetings often, and any controversial issues that have popped up. Providing this information to potential board members will help them get up to speed quickly if they agree to be nominated for board service.

Financial Documents:

10. Current Board-approved organizational budget. Spend the most time discussing the revenue sources of the organization with your candidate. It will be obvious if your budget is highly dependent on a few revenue sources, or if there is a diverse revenue stream. Explain to your potential board member how you are trying to expand your earned revenue. Discuss the line item for board gifts and how it relates to the whole budget. If there is no line item for board gifts, explain how much the board has contributed in the last year. The Nominating Committee member reviewing the budget with any prospective candidate must have a good command of the nuances of your budget, so they can answer any questions. If complicated questions come up, get answers from the accountant or treasurer and respond promptly. Any prospective board member will be concerned if you cannot explain the organization's budget in a way they understand.

11. Most recent financial statement. Explain who prepares this statement and how often the board sees this document. Review the financial statement with your candidate and answer questions. All board members need to understand the financial statements and how the organization's money is spent, so they can be good trustees of earned and donated funds entrusted to the organization. Be sure to point out the variances in fundraising and the line items that seem far over or under budget. If you cannot answer the candidate's questions, get information from the treasurer and provide answers quickly.

12. Most recent tax return filed with the IRS, and audit. You can find your organization's IRS 990 tax return on www.guidestar.com. All tax exempt 501(c)(3) organizations, no matter the size, must file one of the three types of IRS 990 informational tax returns, based on budget size. Small organizations (under \$50,000 in revenue) file a simple electronic post card. Those with budgets up to \$250,000 file an IRS 990EZ, which despite the EZ name, is still extensive. While the IRS 990 informational tax return is a long and tedious form to read through, the governance questions asked by the IRS are useful for any new board member to review. Suggest they check to see if there are familial relationships between Board members; if loans are made to staff or board members; if there is a conflict of interest policy; and the three top mission driven projects of the organization. All of these appear in the IRS 990 long form, not the post card or EZ form. In addition, if your organization is audited, show this document along with the "management letter" to your candidate. This letter from the auditor recommends to the board any changes in financial practices.

13. Most recent annual report. Not all Main Street organizations publish annual reports, but they are a valuable retrospective tool that often provides financial data and the organization's most important projects from the past year. Please note that most states require that nonprofit organizations file financial reports yearly if they raise money or to register as a charity. Give these documents to your potential board member before they are formally nominated for your Board of Directors.

Hopefully, your board candidate will become even more excited about serving on your board after they review these documents with a Nominating Committee member. This candid discussion will help you identify people who are ready and willing to serve and will also uncover if a candidate just does not have time right now. Providing this information in advance can prevent tough situations in which a board member's poor performance threatens the health of your organization.

A full explanation of the meaning of board service is critical for Main Street organizations because we need and

expect so much from them. Serving on a Main Street Board is highly rewarding and also a lot of work! Make sure all potential board members are truly prepared to serve by sharing these documents in advance of nomination and election to your Main Street Board of Directors.

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