

## GLOBAL PAINT FOR CHARITY

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### MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS

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HELD ON October 5, 2017

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The meeting (the “Meeting”) of the Board of Directors (the “Board”) of Global Paint for Charity (“GPC”) was held at Alston & Bird LLP (“A&B”) at 1201 West Peachtree Street, Atlanta, GA 30309 at 11:00 a.m. EST on October 5, 2017. Rony Delgarde, Tom Gregory, Vickie Irwin, James Tompkins, Sam Tandon, and Cliff Stanford attended the Meeting in person. Ted Williams attended by telephone. Mr. Stanford called the Meeting to order at 11:10 a.m. EST. Mr. Stanford introduced Mr. Tandon, the newest member of the GPC Board.

#### **Prior Board Minutes**

Following a motion by Mr. Tompkins that was duly made and seconded by Ms. Irwin, the Board unanimously approved the July 14, 2017 Board meeting minutes. The July 14, 2017 minutes are attached hereto as **Exhibit A**.

#### **Audit Committee**

Mr. Gregory provided the Board with a presentation of the proposed procedures to improve the organization of the inventory in the Norcross warehouse and the potential impact on GPC’s ability to accurately prepare and report its financial statements. The inventory improvement plan is attached hereto as **Exhibit B**. The Board agreed to review the plan and discuss implementation at the next Board meeting.

Mr. Gregory presented and led a review of the GPC unaudited financial statements for the eight months ending August 31, 2017, attached hereto as **Exhibit C**, and a review of what the Audit Committee discussed in the Audit Committee Meeting held prior to the Meeting. Mr. Gregory specifically directed the Board to the note on the financial statements regarding the classification of revenue of \$880,000 of paint contributions and \$78,599 of freight donated by Earth Paints, a 501(c)(3) recycling organization. A discussion ensued regarding the 501(c)(3) status of Earth Paints. Mr. Delgarde agreed to confirm the charitable status of Earth Paints. Mr. Gregory discussed the valuation of the inventory from Earth Paints and how it should be properly recorded on the balance sheets in accordance with GAAP and FASB standards. Mr. Delgarde disagreed with Mr. Gregory’s analysis of the proposed valuation of the paint based on valuations of other paint-recycling 501(c)(3) organizations. The Board engaged in a thorough discussion regarding valuation of the paint for auditing and financial statements purposes. Mr. Tompkins proposed tabling the discussion for the Audit Committee. Mr. Stanford noted the Audit Committee discussed the valuation issue generally, but further noted that the Audit Committee was in need of certain additional material information (whether the paint was recycled or not recycled, the source of the paint, the charitable status of the donors, and certain inventory information which would likely not be obtained until after implementation of inventory organization procedures) in order to finalize the financial statements for future auditing purposes. The Board agreed to revisit the inventory valuation issue for the next Board meeting, with the understanding that the Audit Committee, specifically Mr. Gregory and Mr. Vildor, would conduct further research and revise the financials. Mr. Gregory expressed that the financial statements would be ready for auditing by the end of the 2017.

Mr. Vildor and Mr. Gregory discussed filing of Form 4990 (with accompanying schedules) and determined that the Form is in order and ready to be filed.

The Board thanked Mr. Gregory and Mr. Vildor for their work on the financial statements.

### **General Update on GPC**

Mr. Delgarde provided the Board with an update regarding the status of GPC's existing paint donation partnerships, highlighting GPC's increased donations, now up to 40,000 gallons, to developing countries (including Liberia, Congo, Ghana, Honduras, the Dominican Republic, and Haiti), and to local organizations, including the King Center. Mr. Delgarde presented before and after photos of GPC's recent projects, all of which are either uploaded to the website or are in the process of being uploaded. Mr. Delgarde noted that some of the paint will be going relief efforts in order to aid the victims of Hurricanes Maria and Jose. Mr. Delgarde also highlighted GPC's winning of the New Venture award from the Metro Atlanta Chamber of Commerce's annual E-3 Awards, which recognizes companies, organizations, and individuals working to conserve metro Atlanta's natural resources, develop clean technologies to enhance our economy and environment, support sustainable projects and initiatives, and collaborate on solutions through university connections, marketing and education.

Mr. Delgarde discussed an upcoming partnership and paint drive with Gwinnett County as part of Gwinnett County's America Recycles Day, to be held on November 18, 2017 at the Gwinnett Braves Stadium in Lawrenceville. Mr. Tandon pledged to pass the information along to his connections at GHCC. Ms. Irwin was tasked with providing logistical support for the event.

Ms. Irwin suggested that Mr. Delgarde provide a monthly update of GPC's charitable activities in order to improve fundraising efforts. Mr. Delgarde agreed to provide the Board with his presentation materials on an ongoing basis.

### **Nominating and Corporate Governance Committee**

Mr. Tompkins led a discussion of the new NCGC Charter for the Board, explaining its purpose and provisions. Mr. Tompkins walked the Board through the NCGC Charter. Following a motion by Mr. Gregory that was duly made and seconded by Ms. Irwin, the Board unanimously approved the NCGG Charter.

Mr. Tompkins led a discussion on how the Board has grown and of Board recruiting generally. The Board discussed identifying new Board members with (1) marketing expertise, (2) experience in managing charitable organizations, and (3) strong technology backgrounds. The Board discussed the recruiting process generally and a gap analysis of Board needs. Ms. Irwin noted the importance of data security in light of the Equifax breach which left 145 million Americans' personal data exposed. The Board discussed accounting systems, inventory systems, donation information, and how technology expertise could improve GPC's ability to grow and better serve the global and local community. Mr. Tompkins noted the Board would like to expand by up to three members in the future.

A discussion ensued regarding specific technology gaps to be addressed, with the Board agreeing that marketing expertise was the most pressing gap to be filled. Mr. Tandon discussed marketing GPC as a charitable organization and marketing the value of the paint itself. Mr. Tandon expressed the need for a dedicated marketing staff or Board member responsible for marketing tasks.

Mr. Tandon discussed branding generally and other charitable organizations GPC may consider emulating in order to achieve the Board's five-year strategic plan. Mr. Tompkins suggested putting Board recruitment on hold until GPC produces a concrete five-year strategic plan. Mr. Gregory noted that GPC has cash flow limitations, given that most of GPC's donations are in-kind in the form of paint, which could present obstacles in marketing and branding efforts. Mr. Tandon noted that some organizations, such as 1-800-GOT-JUNK, are able to increase cash flow by charging a fee for collecting discarded items, and prompted the Board to consider a similar model. Mr. Tompkins proposed that the Board form an ad-hoc committee to explore and

revise the strategic plan to present to the full Board. Mr. Delgarde expressed misgivings in charging fees for collecting paint because he did not want to give the impression that GPC was charging for paint. The Board agreed to table the discussion revising its model and of creating an ad-hoc committee for the next Board meeting.

### **Fundraising**

Ms. Irwin presented the Board with GPC's initiatives to raise awareness of GPC and the impact raised awareness would have towards fundraising efforts. The initiatives included (1) an opportunity to co-brand a project with Georgia Power to be held around Earth Day, (2) attending and networking with local entrepreneurs at a recent fundraising event hosted by the Atlanta chapter of the Greater Women's Business Council, (3) attending and networking at a meeting of local minority entrepreneurs who focus specifically on global charities, (4) an upcoming meeting with the Russell Foundation to solicit donations and support, (5) an online reality television-style series following Ms. Irwin and her fiancée as they plan for their wedding, with donations to GPC in lieu of wedding gifts, and (6) providing tips to the Board on how to increase GPC's social media presence via corporate profiles, imbedded donation links, and ongoing initiatives tied to multicultural holidays.

The Board then turned to a general discussion regarding GPC's aid effort in Puerto Rico in response to Hurricane Maria. Mr. Tandon suggested an initiative wherein GPC would donate one gallon of paint for every \$10 donated to Puerto Rico in light of the Maria, and discussed implementing this model generally going forward. Mr. Delgarde noted that typically an organization needs to be recognized as part of the groups of charitable organizations that provide aid 3-5 years prior to a natural disaster, which will limit GPC's ability to immediately solicit large-scale donations, although Mr. Delgarde noted that, given the severe property destruction, GPC will be needed in the months and years to come and will continue to focus efforts towards Puerto Rican aid.

Mr. Tandon suggested a new tagline for GPC, "PUTTING ON THE FINISHING COAT." The Board was receptive to the tagline, but tabled any formal action for future meetings.

The Board further discussed the Gwinnett recycling event as a fundraising initiative and how the initiative could increase GPC cash flow generally.

Mr. Tompkins proposed starting a Fundraising Committee chaired by Ms. Irwin, with Mr. Delgarde and Mr. Tandon as members. The Fundraising Committee would develop a charter and a fundraising initiative. Following a motion by Mr. Gregory that was duly made and seconded by Mr. Tompkins, the Board unanimously approved the creation of the Fundraising Committee.

Mr. Tompkins left the meeting at 12:40 p.m.

Ms. Irwin proposed a different name for the Fundraising Committee. Ms. Irwin delivered research to the Board regarding naming and structure of committees. The Board agreed to table the discussion for the following Board meeting. Ms. Irwin's research is attached hereto as **Exhibit D**.

### **Website Review and Discussion**

Mr. Stanford addressed the general state of GPC's website and asked that each Board member review the website and provide feedback.

### **New Business**

Mr. Tandon suggested Board members create a separate Facebook/Twitter page for their GPC-related profiles, as those two platforms are the most international and likely to increase fundraising and donations. Mr.

Delgarde noted GPC has a strong Facebook following, with approximately 1400 followers as of October 5, 2017.

**Executive Session**

Mr. Delgarde exited the room during the executive session.

The Board met in executive session.

There being no further business, the Board adjourned the meeting at 1:13 p.m.

/s/ John Gerl

Mr. John Gerl

Secretary of the Meeting

**Exhibit A**

## GLOBAL PAINT FOR CHARITY

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### MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS

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HELD ON July 14, 2017

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The meeting (the “Meeting”) of the Board of Directors (the “Board”) of Global Paint for Charity (“GPC”) was held at Alston & Bird LLP (“A&B”) at 1201 West Peachtree Street, Atlanta, GA 30309 at 11:00 a.m. EST on July 14, 2017. Rony Delgarde, Tom Gregory, Vickie Irwin, James Tompkins, Ted Williams and Cliff Stanford attended the Meeting in person. Mr. Stanford called the Meeting to order at 11:03 a.m. EST. Mr. Williams was not present at the time of convening the meeting.

#### **Prior Board Minutes**

Mr. Tompkins noted that the minutes of the April 13, 2017 meeting mistakenly indicated that he had abstained from the vote pertaining to approval of the audit committee minutes, which is incorrect as he is not a member of that committee. Mr. Tompkins agreed that this correction would be noted in the subsequent meeting minutes. Following a motion by Mr. Delgarde that was duly made and seconded by Mr. Tompkins, the Board approved the April 13, 2017 Board meeting minutes, as corrected.

#### **General Update on GPC**

Mr. Delgarde provided the Board with an update regarding the status of GPC’s existing paint donation partnerships, highlighting the success of a shipment to Liberia for painting school facilities including a school for young women. He also described a shipment to Congo for painting homes, noting the logistics concerns for ensuring that this shipment reaches its destinations.

Mr. Delgarde discussed the Georgia Power event on June 29th, at which Ms. Irwin arranged to have Mr. Delgarde present an overview of Global Paint. Ms. Irwin described that this was not a fundraising event, but may lead to opportunities for various resource groups within the company to help take on volunteer projects with Global Paint.

(Mr. Williams joined the meeting at 11:15 a.m.)

Mr. Delgarde and Ms. Irwin discussed the donation of 450 gallons of paint to the King Center, which is anticipating its 50<sup>th</sup> anniversary celebration. The project is ongoing. There were photo opportunities with Ms. Bernice King, daughter of Dr. Martin Luther King, Jr., and a photo publication waiver was obtained. Spectrum Paint mixed the paint for this event, which was paid for by Global Paint at a discounted cost of \$4/gallon, with 5 gallon paint buckets provided by Global Paint. This cost was partially offset by a \$1300 donation by the King Center as requested by Mr. Delgarde.

Ms. Irwin noted that the minutes should include reference to Global Paint’s recognition by the Austrian Consulate as recipient of the National Energy Globe Award 2017 for the United States on June 6, 2017.

Mr. Gregory asked for additional information regarding the damaged shipment to Honduras, and Mr. Delgarde described the circumstances. The recipient contributed \$4,000 towards shipping, and an insurance claim will be coordinated with assistance from Alston & Bird.

Mr. Tompkins asked Mr. Delgarde to discuss his comment that the valuation tool placed on the Global Paint website had led to a significant decrease in paint donations. Mr. Delgarde described that from May 15 to the current date, there had only been 2 small donations, but that these paint donors had also donated cash. Mr. Delgarde indicated that this was a significant drop from the prior six months and from the same period a year earlier, in which there had been 12 or more paint donations. The Board discussed whether there was any clear cause and effect, whether the tool had been marketed appropriately, and determined to table the issue until a subsequent meeting when more data was available.

Mr. Williams requested that Mr. Delgarde provide access to Global Paint's Salesforce database to ensure that the entity was tracking contacts appropriately to maximize opportunities.

### **Audit Committee**

Mr. Gregory led a review of unaudited financial statements provided to the Board. He noted specifically that the cash position of GPC is very low. He noted that until such time as an inventory of GPC's paint could be compiled and verified, together with Mr. Daniel Vildor, CPA, the financial statements are not sufficiently complete. He expected this to occur in advance of the next board meeting.

Ms. Irwin requested information regarding the location of the inventory, which Mr. Delgarde confirmed is primarily in a warehouse in Norcross, GA. Mr. Williams noted that the ~\$4 million inventory of paint previously recorded had been reduced. Mr. Gregory indicated that this is because we should only be reporting the inventory held in Norcross, not other potential "earmarked" donations which have not yet been received. The Board discussed the "in-kind contributions" line, which reflects expenses that Mr. Delgarde has incurred personally. Mr. Williams requested that the Board gain further information as to Mr. Delgarde's personal contributions (cash and in-kind). Mr. Tompkins noted that this is a potential risk issue. Mr. Delgarde noted that his in-kind and cash contributions in 2017 have been \$0. Ms. Irwin noted that GPC should have a procedure with regard to tracking in-kind contributions, in order to ensure tax benefits are maintained for the contributors. She also noted that in the absence of such a procedure, it is challenging for GPC to come up with an effective budget. Mr. Gregory noted that there is some lack of clarity generally in the unaudited financial statements provided, and agreed that GPC needs additional clarity and accuracy going forward. Mr. Gregory confirmed that GPC has a single bank account. Mr. Gregory also described that the efficiency ratio of .93 is a distorted ratio, skewed by the in-kind expenses line. Ms. Irwin remarked that this will be an important factor in presentation of GPC for fundraising purposes.

The Board discussed the pro bono services of Mr. Vildor and whether alternative providers could be identified. It was the sense of the Board that the issue would be tabled until such time as GPC's financials could be clarified.

Mr. Tompkins requested that the Audit Committee draft a committee charter for approval at the next board meeting.

The Board thanked Mr. Gregory for his work on the financial statements.

### **Corporate Governance**

Mr. Stanford led a discussion of revisions to the articles of incorporation and bylaws and appointment of corporate officers. After a thorough discussion, which included several agreed-upon revisions, the Board unanimously adopted resolutions approving amendments to the articles and bylaws and the appointment of officers as reflected in the attached Exhibit A.

**Board Nominations**

Mr. Tompkins led a discussion of the status of board member recruitment efforts. Mr. Tracy Gray decided not to pursue board membership due to other obligations. Mr. Tompkins discussed the status of recruitment efforts overall based upon the board’s gap analysis approach. He requested that Ms. Irwin help identify candidates with fundraising experience and that Mr. Williams pursue candidates with paint industry experience. Mr. Williams suggested corporate targets such as homebuilders based in Atlanta, or other large corporate entities in related industries. The Board discussed the management level of candidates, and determined that board members should all consider their contacts for potential candidates. Mr. Tompkins reiterated that the board should follow its agreed-upon process for recruiting board members, and the board agreed. It was also agreed that Mr. Williams would reach out to Mr. David Biondi as a potential candidate.

**New Business**

Mr. Tompkins suggested that the Board consider identifying a pro bono “executive director” to assist with the day to day of the organization. Mr. Delgarde agreed to compile, potentially based upon materials provided by Mr. Gray, a job description that could be posted on volunteer websites.

**Executive Session**

The board met in executive session and determined that, subject to establishing appropriate tax withholdings, each board member would make a regular \$100 monthly contribution to Global Paint “earmarked” to help pay Mr. Delgarde a regular stipend to defray his expenses.

There being no further business, the Board adjourned the meeting at 1:00 p.m.

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/s/  
Mr. Cliff Stanford  
Secretary of the Meeting

**Exhibit A**

**RESOLUTIONS OF THE  
BOARD OF DIRECTORS OF  
GLOBAL PAINT FOR CHARITY, INC.**

**July 14, 2017**

At a meeting of the Board of Directors (the “Board”) of Global Paint for Charity, a Georgia nonprofit corporation (the “Company”), held on July 14, 2017, following a full discussion by the Board, upon motions duly made and seconded, the following resolutions were unanimously approved and adopted by all directors present.

*Approval of Organizational Documents*

**WHEREAS**, the Company was initially organized as a Georgia nonprofit corporation by filing Articles of Incorporation (the “Articles”) with the Secretary of State of Georgia on October 17, 2011;

**WHEREAS**, the Company deems it necessary to amend its Articles to comply with the requirements of the Georgia Nonprofit Corporation Code (the “Code”); and

**WHEREAS**, the Company also deems it necessary to revise its Bylaws for the regulation and management of the affairs of the Company to comply with the Code and to better reflect current Company practices.

**NOW, THEREFORE, BE IT RESOLVED**, that the proposed Articles of Amendment to the Articles, in the form substantially attached hereto as Exhibit A, and the proposed Bylaws, in the form substantially attached hereto as Exhibit B, are hereby approved and adopted, and the Secretary of the Company is directed to note on the Bylaws the date of their adoption and to insert them in the Company’s minute book.

*Appointment of Officers*

**FURTHER RESOLVED**, that the following persons are hereby appointed as the officers of the Company with the titles shown, to serve until their successors are appointed and qualify or until their earlier death, resignation, or removal:

<u>Name</u>	<u>Title</u>
Clifford S. Stanford	Chairperson
Rony Delgarde	President
Rony Delgarde	Secretary
Rony Delgarde	Treasurer

*General Authorizations*

**FURTHER RESOLVED**, that the officers of the Company are hereby authorized and directed in the name and on behalf of the Company, to make all arrangements, to do and perform all such acts and things, and to execute, file and deliver all documents, instruments and other papers and to take any and all other action as they shall, in their judgment, deem necessary, proper or advisable to carry into effect the purposes and intents of the foregoing resolutions.

**Exhibit B**

Global Paint for Charity, Inc.  
Paint Warehouse

Daniel Vildor, pro bono accountant and Thomas Gregory visited GPC's Atlanta warehouse on September 21, 2017 to take a physical inventory of the paint. We were unable to conduct the inventory because the paint was not segregated by color or by one gallon or five gallon quantities.

Setting up a perpetual inventory system has the advantages of both providing up-to-date inventory balance information and requiring a reduced level of physical inventory counts.

Under the perpetual inventory system, GPC can continually update its inventory records to account for the additions and subtractions for inventory.

To put the perpetual inventory system in place will require the assistance of volunteers to help organize the paint.

Proposed Improvement Plan:

1. Segregate or dispose of all opened one gallon cans and five gallon containers.
2. Separate unopened one gallon and five gallon paint containers by color.
3. Check shelf life of the unopened one gallon and five gallon containers and place them in order of expiration dates.
4. Put signs on the wall denoting the color and whether paint is in one gallon or five gallon.
5. Take physical count of each paint color and paint can/container size which will represent the beginning inventory balances.
6. Record color of paint, size one gallon or five gallon on inventory sheet.

## Exhibit C

Global Paint for Charity  
Statement of Activities  
For the Eight Months ended August 31, 2017

Notes

Revenues:	
Cash Contributions	\$ 25,747
Fundraising	-
In-Kind Non Paint Contributions	2,850
In-Kind Paint Contributions	101,312
Total Revenues	<u>\$ 129,909</u>
Expenses:	
Bank Fees	\$ 164
Call Phone	867
Dues & Subscriptions	413
Freight	8,902
Fuel	1,243
Insurance	873
Internet	397
Licenses and Permits	148
Marketing	1,606
Meals & Entertainment	959
Office Supplies	612
Parking & Tolls	171
Postage & Delivery	744
Rental- Equipment	978
Rent-Storage	3,094
Supplies	1,031
Travel- Airfare	543
Travel- Lodging	169
Uniform	68
In-Kind Expenses Non Paint	2,850
In-Kind Paint Shipments	121,968
Total Expenses	<u>\$ 147,800</u>
Change in Net Assets	\$ (17,891)
+ Beginning Net Assets	157,079
= Ending Net Assets	<u><u>\$ 139,188</u></u>

Excludes \$880,800 of paint contributions and \$78,599 of freight donated by Earth Paints, a 501c3 recycling organization. In order for GPC to recognize revenue on these in kind donations it must meet both of these criteria- it decides who and where the paint is shipped to and bears the risks and rewards if they are lost or destroyed. If both criteria are not met then GPC is acting as an agent. GPC does not meet the second criterion therefore, it should not recognize revenue from this donor.

Excludes same amounts as noted above.

Global Paint for Charity  
Statement of Financial Position  
As of August 31, 2017

**Assets**

Cash	\$ 5,551
Paint Inventory Without Donor Restrictions	<u>133,637</u>

Total assets	<u><u>\$ 139,188</u></u>
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**Liabilities and Net Assets**

Net assets:	
Net Assets without Donor Restrictions	<u>\$ 139,188</u>

Total liabilities and net assets	<u><u>\$ 139,188</u></u>
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Global Paint for Charity  
Statement of Cash Flows  
For the Eight Months ended August 31, 2017

**Cash Flow from Operating Activities**

Change in net assets	\$ (17,891)
Change in operating assets and liabilities	<u>20,656</u>
Net cash provided by operating activities	<u>2,765</u>
Cash at beginning of year	<u>2,786</u>
Cash at end of year	<u><u>\$ 5,551</u></u>

Global Paint for Charity  
Statement of Functional Expenses  
For the Eight Months ended August 31, 2017

	<u>Management and Administration</u>	<u>Fundraising</u>	<u>Programs</u>	<u>Totals</u>
Expenses:				
Bank Fees	\$ 164			\$ 164
Cell Phone	867			867
Dues & Subscriptions	413			413
Freight			8,902	8,902
Fuel			1,243	1,243
Insurance			873	873
Internet	397			397
Licenses and Permits			148	148
Marketing		1,606		1,606
Meals & Entertainment		959		959
Office Supplies	612			612
Parking & Tolls	171			171
Postage & Delivery	744			744
Rental- Equipment			978	978
Rent-Storage			3,094	3,094
Supplies	516		515	1,031
Travel- Airfare	543			543
Travel- Lodging	169			169
Uniform			68	68
In-Kind Expenses Non Paint	2,850	-		2,850
In-Kind Paint Shipments			121,968	121,968
	<u>7,446</u>	<u>2,565</u>	<u>137,789</u>	<u>147,800</u>
Total Expenses	<u>\$ 7,446</u>	<u>\$ 2,565</u>	<u>\$ 137,789</u>	<u>\$ 147,800</u>
Operational Efficiency	<u>\$ 0.05</u>	<u>\$ 0.02</u>	<u>\$ 0.93</u>	<u>\$ 1.00</u>

## Exhibit D

# *Nonprofit Board Committees*

From our consulting work with hundreds of nonprofits we have developed a keen appreciation for the role of a well-functioning board committee structure in helping the organization to achieve success. In our experience, most nonprofit organizations have too many board committees doing too little work.

A typical nonprofit has a plethora of committees: Finance, Personnel, Facilities, Program, Nominating, Membership, Fund Development, and of course an Executive Committee. Often, when one committee malfunctions, the board appoints another. For example, when the Development Committee fails to raise funds (or even to meet), the board may appoint a special Annual Giving Committee to manage the yearly fund appeal. When none of this actually produces any appreciable increase in donations, it may then charter a Major Gifts Committee to go after big donors.

The work of multiple separate committees may also overlap and interfere with each other. For example, after extensive study of competitors, the economy and the year's performance, the Personnel Committee decides employees deserve a 4% raise in the coming year. They forward this recommendation to the Finance Committee, which determines that whatever the staff deserves there is only enough money in the next year's budget for a 2% raise. The result: wasted effort and possible tensions between committees.

Most nonprofits can benefit from following a simpler three-committee structure, consisting of Internal Affairs, External Affairs, and Governance.

## *The Three-Committee Structure*

### **Internal Affairs Committee**

This committee focuses on all internal and operational issues coming before the board. These include issues related to finance, investments, capital acquisitions, human resources, and facilities.

Often, when these issues are put before separate committees, the process is slowed. For example, in the example regarding raises given above, it is better to have the discussion of pay equity and finances occur in the same room at the same time. Similarly, it is folly for a separate Facilities Committee to make plans regarding anything from a boiler replacement to a major building project without reference to the financial impact and thus the Finance Committee. Bringing all internal issues related to expenditures under one committee's jurisdiction streamlines the process.

# *Nonprofit Board Committees*

## **External Affairs Committee**

This committee focuses on all external issues, including fundraising, public relations, publications (such as the annual report) and marketing.

These issues often overlap. Public relations efforts should be crafted to help fundraising and vice versa. Also, as described above, nonprofits sometimes attempt to sidestep a failing Fundraising Committee by creating other vehicles. One committee charged with fundraising and other external matters makes it clear where the responsibility lies.

## **Governance Committee**

This committee is responsible for the health and functioning of the board. It recruits and nominates new members, evaluates the performance of the board itself, orients, trains and educates board members, and produces board materials, such as board books.

This committee is arguably the most important of the three. It is responsible for ensuring the good functioning of the board today and for recruiting and preparing tomorrow's leaders. It grows out of the Nominating Committee function present in most boards, and encompasses the overall health of the board.

## **The Role of the Executive Committee**

Many nonprofits have an Executive Committee, composed of board leaders. These committees usually begin life with a mandate to "take care of issues that come up between board meetings," and work with the executive to organize the board meetings themselves. Over time, however, an Executive Committee can begin to usurp the role of the board. It works closely with the executive and so hears of issues before they come to the board, and often helps the executive to resolve them in advance of the next board meeting. As a result, board meetings risk becoming a series of reports by the executive committee and the executive on actions they have taken. This can lead board members to feel they have no meaningful role in decision-making.

Our advice: if your board meets fairly frequently (monthly or bimonthly), task your Executive Committee with organizing the agenda for the next board meeting and nothing more. (The only exception should be a true crisis in which the executive needs help.) For nonprofits that meet less frequently (perhaps quarterly), consciously limit the Executive Committee's activities to routine business so that meetings of the full board are the venue for strategic discussions.

# Nonprofit Board Committees

## Officers

The typical nonprofit has a President (or Chair), one or more Vice Presidents (or Vice-Chairs), a Treasurer and a Secretary. The role of any Vice Presidents is simply to remain available for the odd occasion when the President is ill or otherwise absent, and then to fill in by chairing a board meeting. Meanwhile, the Chairs of the standing committees typically have no other official role. In order to avoid having Vice Presidents without leadership roles and Committee Chairs with responsibility for major functions who are not officers, we recommend the following structure:

- President
- Vice President for Internal Affairs
- Vice President for External Affairs
- Vice President for Governance
- Secretary

In this way the three Vice Presidents are the heads of the three committees. The Vice President for Internal Affairs is also the Treasurer. This group, by the way, constitutes the Executive Committee. Staff can be assigned to support each of the committees:

- Internal Affairs - Chief Financial Officer and Director of Human Resources
- External Affairs - Development Director
- Governance - Executive Director

The President and Executive Director should try to attend as many committee meetings as possible, but the appropriate Vice President, supported by and working closely with the appropriate staff person, can manage most of each committee's work. In smaller nonprofits, where the Executive Director must support all board committees, this arrangement can be a significant timesaver.

## Advantages

The three-committee structure has several key advantages:

- Each board member need only serve on one committee at a time in order for each committee to engage one third of the board.
- Fewer committees means fewer committee meetings, making for less work by the staff and fewer demands on the board. Everyone can focus on the job at hand rather than on the mechanics of scheduling, preparing for, and managing meetings.
- Because of their small number, and their direct tie to the leadership of the board, the accountability lines of the three committees are clearer.
- Board meetings can be organized around the three committees' reports, reinforcing the importance of their work.