

I. ORGANIZATION OF THE NON-PROFIT AGENCY

Effective Date: April 21, 2008

B. BOARD OF DIRECTORS

The Articles of Incorporation which must be filed with the Secretary of State reflect the names and addresses of the initial board of directors. The incorporators or initial board of directors must formulate and adopt bylaws which govern the internal administration and regulation of the affairs of the corporation as well as provide the organizational structure.

The organizational structure consists of directors and officers which handle the internal management of the corporation. The bylaws indicate the number of directors, the manner in which the board of directors is selected, the terms of office for the directors, and the offices to be filled by duly elected or appointed board members.

Directors are responsible for the overall management of the corporation including the board's responsibility to supervise and approve decisions affecting goals, policies, plans, and programs. In addition, the board has basic responsibility for funding all programs and support services. Therefore, budget approval is a key board responsibility even though budgets are generally prepared by staff and submitted to the board of directors for ultimate review and approval. It should be noted that the same review and approval process should be followed with regards to periodic budget revisions or reallocations during the year.

The non-profit organization's bylaws are the authority for electing or appointing officers from among the membership of the board as well as defining the roles and responsibilities of the officers. The day-to-day management of the organization is normally provided by the officers and their performance is overseen by the board of directors. Therefore, the officers must formulate and recommend to the full board of directors policies and procedures which address organizational and operational aspects such as:

1. Internal control structure (control environment, control policies and procedures, and accounting system);
2. Conflict of interest policy statements (board members, officers, employees, and agents);
3. Liability protection (board members, officers and employees);
4. Auditor selection process;
5. Investments and cash management practices;
6. Procurement and contract practices;
7. Personnel policies and procedures;
8. Financial accounting and reporting;

9. Employee benefit package;
10. Travel reimbursement practices
11. Records Retention policy
12. Whistle Blower policy

Note: Sample policies can be reviewed at <http://www.ncauditor.net/NonProfitSite/regulations.aspx>