Board Governance Training
Group Homes
Senate Bill 810

Corporations (Defined)

- A corporation is a Distinct Legal Entity
- The new corporation is formed when the mission of the organization is defined for the Articles of Incorporation to be developed and filed with the Secretary of State
- Each group home corporation is owned and operated by the board of directors and supported by the employees
- A non-profit (public benefit) 501(c) 3 corporation, approved after the approval of filing IRS Form 1023, is created without a profit motive for charitable or educational purposes providing shelter care and guidance to abused and neglected children
- A for-profit corporation's goal is to create a profitable return
- A corporation is formed by preparing articles of incorporation and filing with the Secretary of state; preparing organizational bylaws; conducting an initial meeting of the board (adoption by-laws, electing officers, planning a budget); applying for federal and state tax exemption

Board Duties

- Establish a "Tone at the Top" Make and approve long-range goals and objectives
- Oversee compliance with laws and adopt policies that include employee training to manage risk, internal controls, ethics, disclosure and compliance requirements, and board policies
- Oversee the safeguarding of assets to include the development of a financial plan to ensure adequate funds are available to pay expenses
- Adopt and monitor the corporation's program performance operating budget, financial plan, and insurance program
- Exercise Governance Control to select, employ, assess, and dismiss CEO
- Perform its legal responsibilities including compliance with Sarbanes/Oxley legislation
- Approving a fundraising strategy and monitoring its effectiveness
- Board Development (recruiting, orienting, and assessing the board)

Standard of Care

- All duties must be performed in good faith
- Duties must be performed in the best interest of the corporation within the ethics and code of conduct requirements
- Duties must be performed with such care, including reasonable inquiry required under the circumstances
- Composition of the Board No more than 49% of the board of directors may be "interested persons" (A director who received payment for services within past 12 months)
- Conflict of Interest Directors must follow specific procedures to avoid conflict of interest issues
- Self Dealing Transaction avoid situations where a director has a "material financial interest" in the transaction.
- Board of Directors meetings must be held every three months and held as stated in a notice, bylaws, or board resolution
- There must be at least three officers of the corporation and minutes of the board meeting must be kept to explain the actions of the board to defend their position

Best Practice Guidelines

- Board governance should identify issues of major program practices and allow board committees to provide direction to management for operating issues using best practices from outside sources
- Review program and fiscal audit reports to ensure reporting compliance, require reviews of recent financial audits, accounting statements, and funding sources
- Update personnel policy to support staffing issues to ensure compliance with dynamically changing laws
- Visit facilities, talk to staff and children and attend workshops and conferences for non-profit corporations
- Understand the changing impact of the 2002 Sarbanes/Oxley Legislation is dynamic, not static

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