



Building A Not-For-Profit Board

By Stephen Mannhapt, CPA

Every not-for-profit organization wrestles with the matter of the creation and governance of an effective Board of Directors. A properly functioning Board serves as a valuable resource to the officers, management team and volunteers of the organization, and it has a responsibility for managing and making decisions at a level that will guide and direct the organization as it carries out its mission.

Before the members of a board can be assembled, its culture and responsibilities must be clearly defined. The New York State Attorney General's office defines a Board member's primary legal duties as the duties of care, loyalty and obedience.

Care: By this standard, a Board member is active in the governance of the organization and is familiar with the services provided by the organization, including how these services are funded (i.e. government grants or contributions) and the costs that are incurred in delivering these services.

Loyalty: Board members must avoid any transactions that may provide them with personal benefit. Any organizational matters that could be potential conflicts of interest must be carefully documented in the Board minutes.

Obedience: Not-for-Profits carefully construct their missions and bylaws, and Board members must guide the organization in a direction that complies with and is informed by those rules.

After establishing a good Board culture based around these principles, the organization can begin the tricky task of assembling a group of community volunteers to serve on the Board. Organizations may currently have a Board that is operating efficiently and effectively, however attrition will occur due to term limits, relocations or other demands on the time of these volunteers. Consequently, the search for and identification of potential Board members is a continuous process, allowing for the accelerated replacement of Board members.

One of the most common questions with regard to this matter is "Where do we find new Board candidates and who should they be?" This depends on the nature of the organization, including its size, area of operation, etc. There is no kind of department store for Board members, literal or otherwise. There are, however, general principles for the search that can help all organizations with this task:

Seek Professionals: Bankers, attorneys, accountants, financial planners and other professionals have typically developed strong

relationships in the community and are usually knowledgeable in economic matters.

Look for Public Figures: Each community has "public figures" recognized for their volunteer service or other significant accomplishments. These individuals enjoy being involved in community affairs and may be interested in your organization's mission. Even if they are not currently available for Board service, you have made it known that you are interested and have developed a relationship for future opportunities. Give them a call, articulate your mission, and see if they show interest.

Ask Staff and Volunteers: Discuss the need for new Board members with the organization's employees and volunteers, as they may know someone who could be a good Board candidate.

Ask your Peers: Contact the President or Executive Director at other non-for-profit organizations. They may have employees who understand the not-for-profit world, have the requisite management expertise and are looking to expand their community involvement. Moreover, interviewing your peers can yield some best practices ideas that can help your search.

Review Old Board Rosters: There may have been Board members who were forced to leave for a number of different reasons. Keep con-

tact these individuals, and you may be able to regain them once circumstances improve. If nothing else, they may be able to help provide referrals.

Every time your Board gains a new member, your new recruit should be appropriately welcomed, both publicly and internally. The appointment should be disclosed in the local business press and a "welcome kit" should be provided to the Board member, complete with some kind of gift. This will help smooth the transition as well as convey the importance of this appointment to the community.

By defining a Board culture and actively and constantly pursuing potential recruits, you will be in a good position to have a Board that operates effectively, efficiently, and consistently. It can be a difficult process, but once your procedures are in place, your Board can help you in the best ways possible to carry out your mission.

Stay tuned to future issues of The Not-For-Profit Advisor for more articles on building your board and board development.

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NY Labor Law Increases Punishment For Underpaying Employers

Workers who report they've been underpaid on the job are getting stronger protection against retaliation by their employers under a new state law that went into effect late November. This law expands protections for workers who exercise their rights under New York State labor law. It increases the minimum civil penalty against employers who retaliate against employees from \$200 to \$2,000 and the maximum penalty from \$1,000 to \$10,000. In addition, the law allows the Commissioner of Labor to award lost compensation to workers who have been victims of employer retaliation.

While New York's labor law has long prohibited employers from retaliating against employees who report violations to the Labor Department, this new law makes punishment more painful for employers. Retaliation occurs when employers take adverse action against employees for filing claims or providing information to the Labor Department about violations.

Retaliatory acts can include discharge of the employee, demotion, cutting pay or reassignment to a less desirable work shift or work duties.

As a review, employers should keep in mind the following important considerations:

- Minimum wage in New York State is \$7.25 an hour;
- All employers must pay overtime for hours worked in excess of 40 hours a week to non exempt employees;
- Overtime is calculated at a rate of 1.5 times the employee's normal hourly rate;
- Federal law does not require lunch or coffee breaks. However, when employers do offer short breaks (usually lasting about five to 20 minutes), federal law considers the breaks as compensable work hours. These breaks will also count towards overtime calculation;

New York law requires employers to grant at least 30 min-

utes for the noonday meal. The noon day meal period is recognized as extending from eleven 11 a.m. to 2 p.m. An employee who works a shift of more than six hours which extends over the noonday meal period is entitled to at least 30 minutes off within that period for the meal period.

One Employee Shift. In some instances where only one person is on duty or is the only one in a specific occupation, it is customary for the employee to eat on the job without being relieved. The Department of Labor allows this when the employee voluntarily consents to the arrangements. However, an uninterrupted meal period must be afforded to every employee who requests this from an employer.

Of course, if you have any questions regarding this article, you can reach me at ABPearl@pmphr.com.

Courtesy of Portnoy, Messinger, Pearl & Associates, Inc.