NAADAC Leadership Orientation

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Robert “Bob” Richards, MA, NCAC II, CADC III, NAADAC President
Catherine “Catey” Iacuzzi, PsyD, ADC, NAADAC Northeast Regional Vice President
Cynthia Moreno Tuohy, NCAC II, CCDC III, SAP, NAADAC Executive Director
Board Responsibilities

• Mission & Vision
  – Strategic Goals & Direction
• Governance
• Legal & Ethical Integrity of Organization
• Financial & Organizational Oversight
• Hire, Support, & Evaluate Executive Director
• Board Development
• Organizational Sustainability

NAADAC
THE ASSOCIATION FOR ADDICTION PROFESSIONALS
www.naadac.org
Mission & Vision

• Sets the mission & vision
• Ensures decisions, programs/services, and organizational practices are consistent
• Periodically reviews and revises if necessary
• Communicates to public, constituents, funders, etc...
Mission & Vision

• "NAADAC's Mission is to lead, unify and empower addiction focused professionals to achieve excellence through education, advocacy, knowledge, standards of practice, ethics, professional development and research." *Adopted 1998*

• "NAADAC is the premier global organization of addiction focused professionals who enhance the health and recovery of individuals, families and communities." *Adopted 1998*
NAADAC’s Four Pillars

The Four Pillars: essential roles and reasons for NAADAC to exist

– Professional Development
– Public Engagement
– Professional Services
– Communicate the Mission

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Governance

• Ensures proper governance structure implemented, adhered to, and periodically reviewed

• Governance Documents:
  – Mission & Vision
  – Articles of Incorporation
  – By-Laws
  – Code of Ethics
  – Board Policies & Procedures
NAADAC Governance Structure

• Board of Directors
  – Executive Committee
  – Standing Committees
  – Ad Hoc Committees
  – NAADAC Executive Director
    • NAADAC Staff

• NAADAC Affiliates
  – Board of Directors
    • Executive Committee
    • Standing Committees
    • Ad Hoc Committees
NAADAC Governance

• NAADAC Governance & Affiliate Governance
  – Independent and related entities
  – Governance documents should be consistent with each other
  – NAADAC should be updated when affiliate’s documents change (D&O Insurance)
### Figure 1: The Board-Management Relationship

<table>
<thead>
<tr>
<th>Board’s Roles</th>
<th>Management’s Roles</th>
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<tr>
<td>Select, evaluate, and support the CEO.</td>
<td>— Run the organization in line with board direction.</td>
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<td>— Keep the board educated and informed.</td>
<td>— Seek the board’s counsel.</td>
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<td>— Recommend goals and policies, supported by background information.</td>
<td>— Frame decisions in the context of the mission and strategic vision, and bring the board well-documented recommendations.</td>
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<td>Approve high-level organizational goals and policies.</td>
<td>— Bring the board timely information in concise, contextual, or comparative formats.</td>
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<td>Make major decisions.</td>
<td>— Communicate with candor and transparency.</td>
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<td>— Frame decisions in the context of the mission and strategic vision, and bring the board well-documented recommendations.</td>
<td>— Be responsive to requests for additional information.</td>
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<td>Oversee management and organizational performance.</td>
<td>— Keep the board informed, bring recommendations, and mobilize directors to leverage their external connections to support the organization.</td>
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<td>Act as external advocates and diplomats in public policy, fundraising, and stakeholder/community relations.</td>
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Governance vs. Management

• Given the previous figure, what sort of information does or should come to the full board?
  – Audit, Annual Budget, Regular Financial Reports to monitor organizational performance
  – By-laws
  – Maleficence
  – Major purchases/sales (e.g. condo sale)
  – Issues that are identified by ED as BoD
Legal & Ethical Integrity

• Board orientation & training
  – Legal Responsibility of Board Members
• Review of governance documents
• Compliance with legal mandates and requirements
• All required filings completed properly
The Legal Duties of the Board
“Fiduciary Responsibility”

• Duty of Care
• Duty of Loyalty
• Duty of Obedience
Duty of Care

• The duty of care stands for the principle that directors and officers of a corporation in making all decisions in their capacities as corporate fiduciaries, must act in the same manner as a reasonably prudent person in their position would (http://www.law.cornell.edu/wex/duty_of_care)

• You are **not** expected to be perfect, but you will be judged by whether you made an *informed, reasoned, good faith* decision with no conflict of interest.
  – Not acting in this manner can be considered negligence and you can be held liable for damages
Duty of Loyalty

• The duty of loyalty stands for the principle that directors and officers of a corporation in making all decisions in their capacities as corporate fiduciaries, must act without personal economic conflict. The duty of loyalty can be breached either by making a self-interested transaction or taking a corporate opportunity (http://www.law.cornell.edu/wex/duty_of_loyalty).

• The Board of Directors are fiduciaries of NAADAC and the membership
  – A person or company that has the power and obligation to act for another under circumstances which require total trust, good faith, and honesty.
Duty of Loyalty

• Fiduciary Duty
  – To act solely in the interests of another – in this case, to act solely in the interests of NAADAC
  – To avoid any conflicts of interest

• From NAADAC Policies & Procedures:
  – Board members should not engage in activities constituting a conflict of interest with the mission of the Board of Directors or of the Association itself.
Conflicts of Interest

• No expectation of absence of conflicts; but expectation to create a culture in which conflicts (real and possible) are openly discussed and considered

• Most states require nonprofits to have a policy regarding conflicts of interest

• The IRS requires reporting about presence of written policy and procedures for identifying and managing conflicts
Conflicts of Interest

• What constitutes a conflict of interest?
  – Any transaction in which the Board member would “receive an inappropriate benefit.”
    • Contracting for services to the nonprofit
    • Voting to give a contract to an organization that a family member is employed by
  – Perception can be as important as facts

• Avoid Conflicts of Interest by...
  – Disclose, disclose, disclose
  – Name suspected conflicts
  – Recuse yourself
Duty of Obedience

• Board Members must act in a manner consistent with the mission of the organization and may not act in a manner out of the scope of the organization
• Derives from the public trust invested in a non-profit to fulfill its mission
Financial & Organizational Oversight

• Transparency & Transferability
  – Budget
  – Audit
  – Regular Review of Financials

• Accountability & Separation of Duties

• Policies & Procedures

• Monitoring frequency adequate to ensure Board is enacting its Duty of Care
Financial & Organizational Oversight

• Core Financial Reports to Review:
  – Statement of Financial Activities (e.g. Profit/Loss; Income/Expenses; Income Statement)
    • Shows the organization’s income and expenses for a period of time
    • Should also provide comparison to budget
  – Balance Sheet
    • Provides an overview of the organization’s current financial position, including assets and liabilities
  – Statement of Cash Flow
    • Shows the organization’s change in cash (and cash equivalent) for a given period of time
Financial & Organizational Oversight

• Some examples...
Financial & Organizational Oversight

• Red Flags!
  – Inability of ED and/or Treasurer to succinctly explain/answer financial questions
  – Is there an annual audit? Is bookkeeping data current and accurate? Can a Balance Statement and Income Statement be produced quickly?
  – Are there significant variances in the Income Statement [Yellow Flags]?
  – Does the Balance Statement [Red Flags] show:
    • Shrinking cash
    • Insufficient working capital
    • Restricted funds diverted to current operations
    • Negative unrestricted net assets
    • Increasing debt levels
  – Are the assumptions used to build the budget realistic and justifiable?
Affiliate Financial Management

• Financial Policies & Procedures
  – Division of Duties
  – Delegation of Authority
  – Signature Authority

• Budgets & Regular Review of Financials

• Audit or Annual Financial Review
Hire, Support, and Evaluate Executive Director

- Provide sufficient direction and oversight
- Clear delineation of roles and responsibilities
- Support, mentoring
- Evaluate & determine fair compensation
- Establish strong working relationship
- Succession Planning
Working with Organizational Staff

• The Board is responsible for overseeing, supporting, and evaluating the ED
  – No role in managing other employees – this is the ED’s job!
• Staff may support Board, EC, Committees; but they do not answer to them
• Board members communicate with ED; ED manages staff
  – Don’t call staff to complain, evaluate, etc.
Board Development

• Recruitment & Mentoring
  – Aim for diversity, including areas of expertise (e.g. legal, financial)

• Training & Orientation

• Succession Planning
Organizational Sustainability

• Links with Strategic Direction
• Ensure adequate resources
• Fundraising, donor/funder relations

• Membership!
  – Individual
  – Organizational
Organizational Sustainability

• Fundraising
  – NAADAC Culture
  – Percentage of BoD Giving
    • Impact on other fundraising efforts, including grants
  – Planned giving time
Organizational Sustainability

- Membership
  - Two levels:
    - Recruiting
    - Maintaining
      - Relationship Building
      - Regular Communications
      - Seek Input
Organizational Sustainability

• Upcoming & Current Grants:
  – Minority Fellowship

• Program Information & Updates
Responsibilities of Board Members

• Act only as a collective & act only in the interests of the organization

• Attend all meetings & review materials ahead of time in order to be prepared to make decisions consistent with the duty of care
  – EC – Attendance & Conference Calls
  – BOD – Attendance, Conference Calls, & Electronic votes
  – RVP’s Monthly Calls / Monthly check in call with RVP
  – National Committee Calls – Get Involved - Participate

• Provide adequate fiscal oversight to prevent fraud and misuse of funds

• Active participation in the organization (e.g. committees, fundraising, public relations)

• Board Membership is **not** a title – it is a job! Be accountable and actively engaged!
Strategic Goals & Direction

• Periodic internal and environmental analysis
• Strategic planning
• Risk management
• Positioning
• Results of the EC Strategic Thinking
• State examples of Strategic Thinking/Planning
State Discussion

• State Issues
  – Questions & Concerns
  – What’s working?
  – What do you need help with?
  – Affiliate guidebook

• What are next steps for your state? For NAADAC?