



# **Board of Directors Training Knowledge Check Workbook**

Use this Workbook to test your knowledge of the NAMI  
Board of Directors Training material.

**October 2022**



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# Section 1: Orientation to NAMI Board of Directors

Welcome aboard! We are so glad you have decided to join our cause by serving as a member of your organization's Board of Directors. In this module, we will help you to understand the roles and responsibilities of a NAMI Board of Directors member, and how you will help steer your organization towards success.

# Do You Know NAMI?

## Lesson Overview

An active and engaged Board of Directors is crucial to the success of every NAMI organization.

Before we get started, we want to give you a clear understanding of NAMI, how we got started, and our purpose and mission. This will help you envision why we're here, and the goals we're all striving to achieve.

In this exercise, you will gauge your current understanding of NAMI and its mission and begin to fill in any gaps.

## Directions

To complete this exercise:

- ▶ Read the question.
- ▶ Select the best answer to each question.
- ▶ Compare your results with the Answer Key.
- ▶ Calculate your NAMI IQ score.

## Exercise

**1. True or False: NAMI is the nation's largest grassroots mental health organization.**

**2. NAMI is an alliance of more than \_\_\_\_\_ local affiliates who work in your community.**

- a. 100
- b. 200
- c. 400
- d. 600

### 3. What is NAMI's mission as an organization?

- a. To provide advocacy, education, support, and public awareness so that all individuals and families affected by mental illness can build better lives.
- b. To provide sources of permanent financial support for people with mental illness.
- c. To grow the prominence of the NAMI organization and become the #1 mental health brand in the world.
- d. To raise funds to support people with mental illness and their families.

### 4. Where is NAMI's National Headquarters?

- a. Washington, DC
- b. Los Angeles, CA
- c. New York City, NY
- d. Arlington, VA

**5. True or False: The NAMI HelpLine provides the one-on-one help and information necessary to tackle tough challenges that you, your family, or your friends are facing.**

**6. Which NAMI course helps military families understand mental health conditions and appreciate their roles in supporting their returning service members?**

- a. NAMI Basics
- b. NAMI Homefront
- c. NAMI Family-to-Family
- d. NAMI Peer-to-Peer

**7. How many members are on NAMI's Board of Directors?**

- a. 8
- b. 12
- c. 16
- d. 20

## Answer Key

**1. True or False: NAMI is the nation's largest grassroots mental health organization.**

**Answer: True**

NAMI started as a small group of families gathered around a kitchen table in 1979. Today, we're an alliance of hundreds of local affiliates, state organizations, and thousands of volunteers. We work in your community to raise awareness and provide support and education to those in need.

**2. NAMI is an alliance of more than \_\_\_\_\_ local affiliates who work in your community.**

**Answer: D**

NAMI has more than **600** local affiliates who work in your community. These affiliates raise awareness and provide support and education to those in need. They provide a service that may not have been available before in some communities.

**3. What is NAMI's mission as an organization?**

**Answer: A**

Our mission is, "**NAMI provides advocacy, education, support and public awareness so that all individuals and families affected by mental illness can build better lives.**"

**4. Where is NAMI's National Headquarters?**

**Answer: D**

NAMI's headquarters are in **Arlington, VA**, just outside our nation's capital.



**5. True or False: The NAMI HelpLine provides the one-on-one help and information necessary to tackle tough challenges that you, your family, or your friends are facing.**

**Answer: True**

The NAMI HelpLine can be reached Monday through Friday, 10 am–6 pm, ET, at 1-800-950-NAMI (6264) or [info@nami.org](mailto:info@nami.org).

**6. Which NAMI course helps military families understand mental health conditions and appreciate their roles in supporting their returning service members?**

**Answer: B**

**NAMI Homefront** is a free, six-session educational program that addresses the unique needs of families, caregivers, and friends of military Service Members and Veterans with mental health conditions.

**7. How many members are on NAMI's Board of Directors?**

**Answer: C**

NAMI members elect **16** members to serve on the Board of Directors. They provide strategic guidance in the fulfillment of NAMI's mission to provide advocacy, education, support, and public awareness so that all individuals and families affected by mental illness can build better lives.

## Your Self-Graded “NAMI IQ” Score

**Your Score:** \_\_\_\_\_ (#correct answers)

**Results:**

- 0 - 3            There is a lot more to know about NAMI. You might want to try again.
- 4 - 5            Pretty good. You are on your way to knowing a lot about NAMI.
- 6 - 7            Great job! You know a lot about NAMI.



# Why Do We Need a Board of Directors?

## Lesson Overview

Have you ever thought of how you would explain what it means to be a member of your Board of Directors? Taking time to do this can give you clarity as well.

In this exercise you will:

- › Consider how you would respond to questions about what a Board of Directors does.
- › See how closely your response resembles what experts say.

## Directions

To complete this exercise:

- › Read each question and think about how you would respond.
- › Write your response in the space provided.
- › Compare your results with the Answer Key.

## Exercise

**1. What is a Board of Directors in a nonprofit organization?**

**2. What is the purpose of a Board of Directors?**

**3. What is the focus of a Board of Directors?**

**4. Do we have to have a Board of Directors?**

**5. In addition to fulfilling legal duties and serving as a fiduciary of the organization's assets, what else do members of a Board of Directors do?**

## Answer Key

### 1. What is a Board of Directors in a nonprofit organization?

#### Experts Say:

Simply put, a Board of Directors in a nonprofit organization is the organization's governing body. Individuals who sit on the Board are responsible for overseeing the organization's activities.

### 2. What is the purpose of a Board of Directors?

#### Experts Say:

The primary purpose of a Board of Directors is to ensure that everyone in the organization understands its reason for existing (i.e., its mission and goals), and that the organization is structured to achieve the mission and goals. The primary purpose of a Board of Directors is to ensure that everyone in the organization understands its reason for existing (i.e., its mission and goals), and that the organization is structured to achieve the mission and goals.

### 3. What is the focus of a Board of Directors?

#### Experts Say:

The Board of Directors focuses its attention at the organizational level—how the organization is structured, the programs and services it will offer, etc. —as opposed to at the operational level. That is the primary responsibility of the Executive Director.

#### **4. Do we have to have a Board of Directors?**

##### **Experts Say:**

Incorporated organizations are legally required to have a Board of Directors. All nonprofit Boards are fiduciaries of the organization. The Board of Directors self-guards the organization's assets or holds them in trust on behalf of the public. The most important reason for having a Board is to provide oversight—not only of finances and programs, but also of the organization's legal and ethical conduct.

#### **5. In addition to fulfilling legal duties and serving as a fiduciary of the organization's assets, what else do members of a Board of Directors do?**

##### **Experts Say:**

Members of the Board of Directors do many things within a NAMI organization, including:

- Planning programs and services
- Ensuring the financial stability of the organization
- Participating in events
- Contributing to the organization financially and with service
- Inspiring others to join and support the organization's mission, goals, and programs





## **Section 2: Nonprofit Board of Directors Operations**

In this module, we'll help you to understand the roles and responsibilities of a NAMI Board of Directors member. You'll learn how to differentiate those from the roles and responsibilities of others in the organization, such as staff or committee members.

# The Executive Director and the Board Members

## Lesson Overview

New members to the Board of Directors are often unclear about which activities are their responsibility, and which are the Executive Director's. The Board handles strategic activities, while the Executive Director handles operational activities.

In this exercise, you will:

- › Separate the Board's activities from the Executive Director's activities.
- › Develop an appreciation for the difference between mission/strategic activities and operational activities.

## Directions

To complete this exercise:

- › Review each task or responsibility.
- › Decide whether the activity is the responsibility of the Board of Directors or the Executive Director.
- › Next to each task or responsibility, write the number of the responsible party ("1" for the Board, and "2" for the Executive Director).
- › Compare your results with the Answer Key.

**1 - The Board of Directors**

**2 - The Executive Director**

**Task/Responsibility:**

\_\_\_\_\_ Develops, approves, and modifies bylaws

\_\_\_\_\_ Directs the operational planning process

\_\_\_\_\_ Assesses stakeholder/client needs

\_\_\_\_\_ Monitors achievement of goals and objectives

\_\_\_\_\_ Finalizes and approves the budget

\_\_\_\_\_ Implements fundraising plans

\_\_\_\_\_ Meets periodically to discuss and vote on the affairs of the organization

\_\_\_\_\_ Works with staff on a day-to-day basis

\_\_\_\_\_ Creates policy

\_\_\_\_\_ Makes decisions on day-to-day issues

## Answer Key

### 1 - The Board of Directors

### 2 - The Executive Director

#### Task/Responsibility:

- 1 Develops, approves, and modifies bylaws

The Board of Directors has the responsibility to develop, approve, and modify its organization's bylaws.
- 2 Directs the operational planning process

The Executive Director is responsible for directing the operational planning process (i.e., how things are done in the organization).
- 1 Assesses stakeholder/client needs

The Board of Directors assesses the needs of stakeholders and clients, and then develops a strategic plan to meet those needs.
- 2 Monitors achievement of goals and objectives

The Executive Director monitors the activity of the organization and verifies what the organization is doing to achieve the goals and objectives set by the Board of Directors.
- 1 Finalizes and approves the budget

The Board of Directors is responsible for finalizing and approving the annual budget. The Board also authorizes any expenditures outside authorized budget levels.
- 2 Implements fundraising plans

The Executive Director implements fundraising plans. For example, the Executive Director would plan and execute a fundraising event. This may include the marketing materials, logistical support, catering, security, etc. The Board of Directors, however, approved the fundraising event to begin with, as part of their Board-approved fundraising plan.

**Task/Responsibility:**

**1** Meets periodically to discuss and vote on the affairs of the organization

Discussing and voting on the affairs of the organization is solely the responsibility of the Board of Directors. Board members may ask the Executive Director for input into their decisions, but the decisions are made by the Board.

**2** Works with staff on a day-to-day basis

The Executive Director directs and works with the staff on a day-to-day basis. A Board member who needs support from the staff should first consult with the Executive Director as opposed to approaching staff members directly.

**1** Creates policy

The Board of Directors creates the policies that guide how the organization is run. Keep in mind that policies must conform to federal and state laws and regulations. They should reflect “tried and true” methods for running a successful organization.

**2** Makes decisions on day-to-day issues

The Executive Director is responsible for and makes decisions related to day-to-day issues. These decisions are based on the organization’s bylaws and policies, which are put into place by the Board of Directors.

# Recruiting Board Members

## Lesson Overview

Members of a Board of Directors may be called upon to recruit new members. This is often when a member's term expires or when a member is no longer able to serve.

Almost anyone can become a Board member. However, it's best to select people who have experience in overseeing business affairs and have no conflicts of interest.

In this exercise you will:

- › Practice matching the needs of the organization with the qualifications of candidates for a position on the Board.
- › Increase your comfort with selecting qualified candidates to join your Board of Directors.

## Directions

To complete this exercise:

- › Review the scenario, which describes the position that needs to be filled.
- › Review the Job Description to understand the qualifications for the position.
- › Review the Resumes to learn about each candidate's qualifications.
- › Select the candidate you think would be the best choice for the position.
- › Compare your results with the Answer Key.

## Exercise

### Task 1: Recruiting for the Finance and Audit Committee

Your Board of Directors is recruiting a member to serve on the **Finance and Audit Committee**.

The Finance Committee assists the Board in ensuring the organization is financially viable and meeting its fiduciary and compliance responsibilities.

## Job Description

### Here are the primary duties of the Finance Committee:

- › Ensure that accurate and complete financial records are maintained.
- › Ensure accurate, timely, and meaningful financial statements are prepared and presented to the Board.
- › Oversee budget preparation.
- › Safeguard the organization's assets.
- › Help the full Board understand the organization's financial affairs.
- › Ensure compliance with federal, state, and other requirements related to the organization's finances.

### Ann's Resume

#### Experience

##### *Staff Accountant*

- › Assist in the preparation of financial statements by performing monthly accounting and closing procedures.
- › Review and record daily journal entries to reflect operational activity.
- › Manage all aspects of accounts payable.
- › Perform account reconciliations and produce monthly revenue analysis reports.
- › Oversee the preparation and issuance of yearly Form 1099s for the company's vendors.
- › Maintain monthly schedules of fixed assets and other specific general ledger accounts.
- › Work closely with the CFO and Controller to provide work papers to the external auditor for the annual tax return and review engagement.
- › Review and verify invoices and check requests from carriers and customers.

#### Employment

*OnPoint Management & Strategic Consulting – 12 years*

#### Education

*BA, Accounting*

### Carter's Resume

#### Experience

##### *Staff Accountant*

- › Performed the entire cycle for accounts payable.
- › Recorded and entered miscellaneous cash receipts which efficiently decreased accounts receivables by 10%.
- › Entered client billing and maintained current information in the system.
- › Prepared and transferred the bank deposits.
- › Recorded journal entries.
- › Reconciled projected vs. actual budgets for discrepancies.
- › Recorded & reimbursed petty cash.

#### Employment

*LifeRhythm Counseling – 6 months*

#### Education

*MBA, Business Management  
BS, Accounting*

## Task 2: Recruiting for an Executive Director

Your Board of Directors is recruiting an **Executive Director** to serve on the Board and to oversee the day-to-day operations of the organization.

### Job Description

#### Here are the primary duties of the Executive Director:

- › Responsible for planning, organization, and direction of the organization's operations and programs.
- › Oversees and reports on the organization's results for the Board of Directors.
- › Prepares accurate and timely analyses of fundraising results, variances, and performance trends.
- › Provides leadership to and manages the staff.
- › Coordinates and leads annual budget reviews, monthly and quarterly reviews, and periodic forecast updates with operational and senior management for all locations.
- › Hires and retains a diverse, highly qualified staff and volunteers.
- › Ensures that services and funding relationships are robust enough to meet or exceed strategic goals and objectives.

### Margaret's Resume

#### Experience

##### *Program Director*

- › Multi-faceted experience with executive management of organizations; particular strengths include:
  - › Developing and implementing innovative programs and products and services.
  - › Working with constituent groups including boards, committees, volunteers, and external audiences.
  - › Building and retaining exceptional staff and creating excellent work environments.
  - › Overseeing and coordinating all aspects of budgeting and financial management.
  - › Leading organizations and departments through periods of substantial growth and transition.

#### Employment

*Program Director – 3 years*

*Program Officer – 8 years*

#### Education

*MA, Economics*

*BA, Economics*



## Javier's Resume

### Executive Summary

Over eighteen years of experience in:

- ▶ *Development and grants management. Managed over \$2 million in grants for local and national initiatives that impact poor and disadvantaged populations. Raised over \$1 million in corporate grants for various programs. Developed comprehensive fundraising strategies for national and local organizations involving foundation grants, corporate contributions, and individual donor programs.*
- ▶ *Strategic planning and facilitation. Led various strategic planning processes for both national and local organizations. Well-versed in translating missions and goals into operational plans with clear benchmarks and annual objectives.*
- ▶ *Organizational development and capacity building. Design and provide technical assistance to community-based and non-governmental organizations in the areas of board and program development, community assessment, and process/outcome evaluation. Chair national and local organization boards, and an active member in various boards and advisory committees.*
- ▶ *Budget management. Extensive background in developing and monitoring program and organizational budgets. Designed financial protocols and procedures to control costs and monitor disbursements.*
- ▶ *Policy development and analysis. Well-versed in assisting federal and state government agencies and national organizations to develop policy positions.*
- ▶ *Advocacy work and constituency building. Extensive experience in articulating issues in health and public education as they relate to economic and social development.*

### Employment

*Public School Association*

*Chief of Staff – 16 years*

*Senior Program Officer – 5 years*

*Program Officer – 4 years*

### Education

*Master of Arts, Industrial Psychology*

*Bachelor of Arts, Industrial Psychology*

### Task 3: Recruiting for a Chairperson

Your Board of Directors is recruiting a member to serve as its **Chairperson**.

#### Job Description

**Here are the primary duties of the Chairperson of the Board of Directors:**

- › Is a member of the Board
- › Is a partner with the Executive Director in achieving the organization's mission
- › Provides leadership to the Board of Directors
- › Chairs meetings of the Board after developing the agenda with the Executive Director
- › Encourages Board's role in strategic planning
- › Appoints the chairpersons of committees, in consultation with other Board members
- › Serves ex officio as a member of committees and attends their meetings when invited
- › Discusses issues confronting the organization with the Executive Director
- › Helps guide and mediate Board actions with respect to organizational priorities and governance concerns
- › Reviews with the Executive Director any issues of concern to the Board
- › Monitors financial planning and financial reports
- › Plays a leading role in fundraising activities
- › Formally evaluates the performance of the Executive Director and informally evaluates the effectiveness of the Board members
- › Evaluates annually the performance of the organization in achieving its mission
- › Performs other responsibilities assigned by the Board

## Makana's Resume

### Experience

#### *Summary of Skills*

- ▶ Self-motivated and experienced management professional
- ▶ Detail-oriented with ability to handle multiple projects
- ▶ Ability to fulfill company's mission statement
- ▶ Superior leadership qualities and team person

### Work Experience

- ▶ Provide direction and advice to help the organization achieve its goals
- ▶ Serve as the chief volunteer of the organization
- ▶ Monitor financial planning and prepare budget
- ▶ Formulate and implement policies across the entire organization
- ▶ Update stakeholders about the organization's progress quarterly, half-yearly and annually
- ▶ Assign and oversee Executive Director's duties and tasks
- ▶ Provide direction for working towards achieving company's mission statement
- ▶ Hire auditors and oversee auditing process
- ▶ Implement marketing strategies to ensure adequate resources for the organization's mission
- ▶ Assess and direct the business activities of the organization to ensure financial stability

### Employment

*ABC Nonprofit – 12 years*

*State Nonprofit – 8 years*

*Community Nonprofit – 4 years*

### Education

*MBA, Business Management*

*BA, Business Management*

## Nathan's Resume

### Experience

#### *Board Director | President of Marketing and Communications*

- ▶ Represent our organization to stakeholders, acting as an ambassador for the organization
- ▶ Serve as a trusted advisor to the Executive Director to implement the organization's strategic plan
- ▶ Review outcomes and metrics created for evaluating impact; regularly measure the organization's performance and effectiveness using those metrics
- ▶ Approve annual budget audit reports and material business decisions meeting all legal and fiduciary responsibilities
- ▶ Assist the Executive Director and Board chair in identifying and recruiting other Board members
- ▶ Partner with the Executive Director and other Board members to ensure that resolutions are carried out
- ▶ Serve on committees or task forces and take on special assignments

### Employment

*Chairman of Board of Directors – 6 months*

*Member, Board of Directors – 12 months*

### Education

*MBA, Marketing and Communications*

*BS, Organizational Management*

## Task 4: Recruiting for the Fund Development Committee

Your Board of Directors is recruiting a member to **chair the Fund Development Committee**.

### Job Description

#### Here are the primary duties of the Chair of the Fund Development Committee:

- › Work with the Governance Committee to make sure the roles and performance expectations in fund development are clearly explained (e.g., for Fund Development Committee, Board, individual Board members).
- › Devise philanthropy and fund development policies and recommend to the Board for action, including any limitation policies.
- › Help nurture a culture of philanthropy throughout the organization and ensure that all donors of time and money are respected and honored.
- › Ensure that Board members learn the basic principles and best practices in fund development, including the design of a donor-centered organization.
- › Through the fund development planning process: help establish the charitable contributions goals for the annual budget, devise the annual fund development plan for action by the Board, and recommend results and benchmarks for action by the Board.
- › Review results and evaluate return on investment (ROI) compared to the plan.
- › Identify trends and implications in philanthropy and fund development and engage the Board in strategic dialogue and decision-making.
- › Help the Board articulate the case for philanthropic support directed at specific audiences.
- › Establish task forces to carry out specific fund development activities.
- › Monitor task force performance.
- › Provide personal follow-up to individual Board members to monitor their participation.

## Juanita's Resume

### Experience

#### *Special Events and Fundraising*

##### *Coordinator*

- ▶ Promoted awareness and engagement in the organization's programs and services.
- ▶ Managed initiatives designed to perfect outreach and efficacy of fundraising.
- ▶ Created fundraising training webinar content for local and state staff and volunteers.
- ▶ Created monthly fundraising reports for the Board of Directors.
- ▶ Designed programs to help educate state and local association staff in fundraising techniques.
- ▶ Managed the complete creation and development of the bi-annual 5k celebration; attendance 1,500 people.
- ▶ Obtained \$10,000 in monetary and in-kind sponsorships for the 5k in just two months.
- ▶ Liaised with all state and local organizations to obtain the appropriate documentation and approvals.
- ▶ Collaborated with 150 coaches to design original, innovative ideas to promote participation.
- ▶ Host community tabling events and assist Outreach Coordinator with community outreach.

### Employment

*Acme Nonprofit – 12 years*

### Education

*MBA, Marketing*

*BA, Marketing*

## Arthur's Resume

### Experience

#### *Event Coordinator*

- ▶ Maintain a working knowledge of the organization's mission and programs to promote the organization's fundraising, research, and patient initiatives.
- ▶ Provide administrative and clerical support for fundraising campaigns.
- ▶ Direct the planning and execution of meetings, fundraisers, and other events.
- ▶ Select and transform venues to accommodate event needs and build strong relationships with quality vendors.
- ▶ Coordinate fundraising and donor communications for a nonprofit organization.
- ▶ Demonstrated knowledge and use of digital, social media & emerging online channels.

### Employment

*KID'S ART Nonprofit*

*Event Coordinator – 1 year*

*Event Volunteer – 3 years*

### Education

*Bachelor of Arts, Marketing (in progress)*

*Associate of Arts, Marketing*

### Professional Affiliations

*International Special Events Society (ISES)*

*member*

*Event Planner Association member*

## Answer Key

### Task 1: Recruiting for the Finance and Audit Committee

When selecting a candidate, it is best to match the candidate's qualifications with the duties listed in the job description.

In this case, **Ann** is the better choice to serve on the Finance Committee because of her broader experience as an accountant. Specifically, she's worked with many kinds of financial statements and supported the auditing process. This broader experience will help her to perform the duties associated with serving on the Finance Committee.

### Task 2: Recruiting for an Executive Director

**Javier** has built his career in the program function. Furthermore, he has progressed to a senior-level operational role: chief of staff. He has gained important operational experience in finance, development, communication, and administration. He also has developed strong external relationship-management skills.

This experience, coupled with his program experience, makes him the better candidate for Executive Director.

### Task 3: Recruiting for a Chairman

While Nathan's skills are strong, **Makana's** resume more closely aligns with the skills and experience needed to effectively oversee and guide a Board of Directors.

### Task 4: Recruiting for the Fund Development Committee

**Juanita's** varied and demonstrated experience shows that she is experienced in both fundraising and outreach strategies. She is an excellent candidate for the job.



# Operating Policies for a Board of Directors

## Lesson Overview

Policies are guidelines for conducting NAMI business, making ethical decisions related to NAMI work, and dealing with issues that arise in a NAMI organization.

In this exercise you will:

- ▶ Practice identifying policies that provide guidance in different situations.
- ▶ Become more familiar with the contents of various policies.
- ▶ Increase your awareness of how policies can help you resolve issues.

## Directions

To complete this exercise:

- ▶ Review the scenario.
- ▶ Circle the name of the policy you would consult for guidance on how to handle the scenario.
- ▶ Circle the specific section of the policy that describes how the situation should be handled.
- ▶ Compare your results with the Answer Key.

## Exercise

### Scenario 1

The Executive Director has requested funds to be allocated to purchase more filing cabinets. They state that the existing filing cabinets are full. During a discussion of this request, a Board Member says that the file room is already overcrowded. The Member suggests destroying older documents to make room in the existing cabinets. The Board Members disagree on how to handle the situation.

You ask, “Who is responsible for deciding which files we need to keep, and which files can be thrown away or destroyed?”



**Which one of the following policies would you consult for direction?**

- a. Conflict of Interest Policy
- b. Record Retention Policy
- c. NAMI Bylaws
- d. Confidentiality Policy
- e. Code of Ethics Policy

**In what section of the policy would you find guidance for this issue?**

- a. Section A: General Policy Statement
- b. Section B.1: General Corporate Records
- c. Section B.2: Accounting, Finance and Tax Records
- d. Section B.3: Personnel Records and Payroll Documents

**Scenario 2**

A Board member has discovered that the volunteers who are staffing the organization's HelpLine have been keeping notes about each call in a database on the organization's computer. This enables them to look up records from previous calls if someone calls in more than once. These records include the caller's first name and the number they called from, which is captured from the caller ID information.

It was recently discovered that the database has not been secured. Anyone in the organization could access this information from the office computers, and remotely from their own computers or phones.

**Which one of the following policies would you consult for direction?**

- a. Conflict of Interest Policy
- b. Record Retention Policy
- c. NAMI Bylaws
- d. Confidentiality Policy
- e. Code of Ethics Policy

**In what section of the policy would you find guidance for this issue?**

- a. Section 2.1: Confidentiality Statement
- b. Section 2.2: Confidentiality Policy

### Scenario 3

Several Board members have notified the President of the Board that they will be out of town on the date scheduled for the annual meeting.

The President of the Board is unsure what to do. Should they hold the annual meeting without them, reschedule the annual meeting, or just cancel this year's annual meeting? The President of the Board also knows she needs to ensure a quorum is present, but is not certain what constitutes a quorum.

**Which one of the following policies would you consult for direction?**

- a. Conflict of Interest Policy
- b. Record Retention Policy
- c. NAMI Bylaws
- d. Confidentiality Policy
- e. Code of Ethics Policy

**In what section of the policy would you find guidance for this issue?**

- a. Article I: Membership
- b. Article III: Meetings
- c. Article V: Directors Meetings
- d. Article VII: Officers
- e. Article X: Notice of Time and Place of Meeting

### Scenario 4

The Board Treasurer has suggested that your NAMI organization hire his accounting firm to conduct the organization's annual audit.

The Board Treasurer owns the company and, since he is a CPA, has offered to conduct the audit himself at a lower rate than he would have charged their customers.

**Which one of the following policies would you consult for direction?**

- a. Conflict of Interest Policy
- b. Record Retention Policy
- c. NAMI Bylaws
- d. Confidentiality Policy
- e. Code of Ethics Policy

**In what section of the policy would you find guidance for this issue?**

- a. Section 2.6: Conflict of Interest Statement
- b. Section 2.6.1: Reason for the Statement
- c. Section 2.6.2: Persons Concerned
- d. Section 2.6.3: Areas in Which Conflict May Arise
- e. Section 2.6.4: Nature of Conflicting Interests

**Scenario 5**

Before a Board meeting, you encounter a staff member in the hallway, crying. When you ask her what has happened, she begins to tell you about how stressful it is working with one of the Board members, especially in the weeks leading up to a meeting. She says this Board member swears at her and calls her names when tasks take her longer than expected and when mistakes are made. She says she cannot take the abuse any longer and plans to leave NAMI as soon as she finds another position.

You, too, have noticed how abrasive this Board member is during meetings. You promise to look into it and resolve the situation. You feel very strongly that this Board member's style is not in keeping with the culture at NAMI.

**Which one of the following policies would you consult for direction?**

- a. Conflict of Interest Policy
- b. Record Retention Policy
- c. NAMI Bylaws
- d. Confidentiality Policy
- e. Code of Ethics Policy

**In what section of the policy would you find guidance for this issue?**

- a. Section 2.3: Ethics Statement
- b. Section 2.4: Ethics Policy
- c. Section 2.5: Code of Ethics for the Board

## Answer Key

### Scenario 1

Which one of the following policies would you consult for direction?

**Answer: B - Record Retention Policy**

In what section of the policy would you find guidance for this issue?

**Answer: A - Section A: General Policy Statement**

For this scenario, you would consult the **Record Retention Policy** for direction. Within that policy, **Section A: General Policy Statement** defines the types of documents that are official records of the organization. It addresses how they are to be retained, stored, and disposed in an appropriate, legally sound, and orderly manner.

According to Section A.9, the organization's Chief Financial Officer shall be responsible for authorizing, overseeing, and ensuring that records are destroyed pursuant to this policy.

Section B of the policy defines the retention guidelines for the different types of records generated by a NAMI organization and the retention requirements for each type.

### Scenario 2

Which one of the following policies would you consult for direction?

**Answer: D - Confidentiality Policy**

In what section of the policy would you find guidance for this issue?

**Answer: A - Section 2.1: Confidentiality Statement**

For this scenario, you would consult the **Confidentiality Policy** for direction. Within this policy, **Section 2.1: Confidentiality Statement** states that all information that is confidential or privileged, or that is not publicly available, is not to be publicly disclosed. Section 2.2: Confidentiality Policy states that Board members and employees must always exercise good judgment and care to avoid unauthorized or improper disclosures of confidential information.

Board members must act quickly to ensure that access to the HelpLine information is protected so that it is not subject to unauthorized disclosure.

### Scenario 3

Which one of the following policies would you consult for direction?

**Answer: C - NAMI Bylaws**

In what section of the policy would you find guidance for this issue?

**Answer: C - Article V: Directors Meetings**

For this scenario, you would consult the **NAMI Bylaws** for direction. Within the bylaws, **Article V: Directors Meetings** provides information about Board of Directors meetings. (Article II: Meetings address meetings of the members, not the Board of Directors).

According to Section 1, the annual meeting must be held after the annual meeting of the members. A majority of the Board of Directors constitutes a quorum at any meeting, and a majority of those present have power to act in all matters. This section also indicates that the meeting may be held virtually, if all members participating can simultaneously hear each other during the meeting.

### Scenario 4

Which one of the following policies would you consult for direction?

**Answer: A - Conflict of Interest Policy**

In what section of the policy would you find guidance for this issue?

**Answer: A - Section 2.6: Conflict of Interest Statement**

For this scenario, you would consult the **Conflict of Interest Policy** for direction. Within this policy, **Section 2.6: Conflict of Interest Statement** states that an actual or potential conflict of interest occurs when a Board member can influence a decision that may result in a personal gain for the Board member or for a relative as a result of your NAMI organization's business dealings.

In this case, a decision to hire the Board Treasurer's firm may be seen as a personal gain for the Board Treasurer. It's also a bad idea for the person who keeps the organization's books to also audit those books. Any mistakes in the audit could be perceived as breaking the public trust, which could damage the organization's reputation and tax-exempt status.

## Scenario 5

Which one of the following policies would you consult for direction?

**Answer: E - Code of Ethics Policy**

In what section of the policy would you find guidance for this issue?

**Answer: A - Section 2.3: Ethics Statement**

For this scenario, you would consult the **Code of Ethics Policy** for direction. Within this policy, **Section 2.3: Ethics Statement** clearly states that, as NAMI professionals, we will “Conduct our organizational and operational duties with positive leadership exemplified by open communication, creativity, dedication, and compassion.”

Clearly this Board member is violating the Code of Ethics and needs to be reminded of their commitment to adhere to this code.







## Section 3: Oversight and Accountability

As you may recall, oversight and accountability are some of the most important responsibilities of a Board of Directors. But what do those terms really mean? In this section, we will help you understand how oversight and accountability are important to the success of your organization. We will also guide you through policies that ensure your organization is accountable to its members and community.

# Oversight and Accountability Policies

## Lesson Overview

Oversight and accountability can take many forms and need to be exercised in a variety of situations.

In this exercise you will:

- ▶ Practice identifying situations in which oversight and accountability measures are needed.
- ▶ Improve your understanding of how the concepts of oversight and accountability translate into actions.

## Directions

To complete this exercise:

- ▶ Read both segments of the scenario carefully.
- ▶ Circle the best response.
- ▶ Compare your results with the Answer Key.

## Example Scenarios

### Scenario 1: Filing IRS 990 Forms

Close to the end of your monthly Board meeting, Sarah, the organization's accountant, rushes into the room with a copy of the required IRS Form 990. The "form" is many pages long, including many schedules, and looks more like a book than a form.

She says to you, "I need someone from the Board to sign our Form 990. It is due to the IRS by midnight, and Jason, who usually signs it, has already gone for the day. Can you please sign it so that I can drop it by the Post Office on my way home?"

## How do you respond?

- a. You say, “Sure,” and pick up your pen. You then sign the first page of the IRS Form 990 and hand the document back to her, ready for her to take it to the Post Office.
- b. You turn to Tomas, who is on the Finance Committee, and say, “Tomas, you can sign this so that Sarah can get it to the Post Office, right?”
- c. You say, “That’s going to be a problem. The Form 990 must be thoroughly reviewed and understood before anyone can sign it. I recommend you file an extension to give Jason time to go over this information carefully before signing it.”

## Scenario 2: Bus Passes

You happen to be leaving your NAMI organization’s offices one afternoon and notice a staff member holding a stack of bus passes meant to be given to clients of a specific grant-funded program.

When you ask her about the passes, she explains with a smile, “Oh, it’s okay. I give these to my clients as an incentive to attend the groups. Same thing, right?”

## How do you respond?

- a. You say, “I’m not sure that it is. I think that because those passes are funded by a grant, they have to be used by those program’s clients or it’s considered a misuse of funds.”
- b. You think about it for a moment and then say, “I guess it’s okay. I mean, they are still supporting people who participate in our programs, right? It’s not like you are selling them on the street.”
- c. You ask, “How many times have you done this?” She replies, “Only a couple. It’s no big deal, really.” You tell her that she could be committing fraud by giving out the passes, so it is best not to do it anymore. She agrees to stop and you let the issue slide.

## Scenario 3: Whistleblower

The Board Chair recently received a letter from a person who identified himself as a staff member. The letter described a conversation the writer overheard between the Executive Director and another staff member.

In this conversation, the Executive Director admitted to having inflated the cost of rent in the budget to enable her to conceal unapproved expenses from the Board.

The writer was reluctant to come forward for fear of retaliation and losing his job.

## How do you respond?

- a. You say, “This is a problem. This issue needs to be investigated and stopped before this goes any further. We also need to figure out how to let this staff member know he is protected by the Whistleblower policy.”
- b. You say, “This is unfortunate, but I think it isn’t a big deal as long as the funds are spent for the good of our organization. We can talk to the Executive Director and remind her that this is not the way we conduct business at NAMI.”
- c. You say, “We need to identify the Whistleblower so that we can hear what he has to say. It wouldn’t be fair to expect us to investigate the Executive Director based simply on an anonymous tip.”

## Scenario 4: Travel Expenses

As a member of the Finance Committee, you’re reviewing the end of quarter Statement of Cash Flows when you notice a significant uptick in travel expenses. You explore this issue further and discover weekly travel expenses reported by a new staff member.

Further exploration shows that these travel expenses included reimbursement for mileage. When asked, the staff member says that he thought he would be reimbursed for mileage since he lived more than 25 miles from the organization’s facilities. So, he has been submitting travel expense reimbursement requests weekly.

## How do you respond?

- a. You say, “I guess that’s fair, since you live so much farther away from our facilities than most of our staff and we really value your services.”
- b. You say, “You must have misunderstood. IRS regulations prohibit a nonprofit organization from reimbursing employees for mileage related to commuting to and from our premises. I’m afraid you will need to repay these reimbursements. Let’s see what we can work out with payroll.”
- c. You say, “Great. We’re not supposed to reimburse for commuting miles, but I guess we can’t undo what we have already done. Just don’t do it in the future, okay?”



## Answer Key

### Scenario 1: Filing IRS 990 Forms

#### Answer: C

You say, “That’s going to be a problem. The Form 990 must be thoroughly reviewed and understood before anyone can sign it. I recommend you file an extension to give Jason time to go over this information carefully before signing it.”

The IRS Form 990 is one of the most important financial documents required of a nonprofit organization. It gives the IRS an overview of the organization’s activities, governance, and detailed financial information. Form 990 also includes specific information about the organization’s activities as justification for maintaining its tax-exempt status.

It’s important to remember that the signer(s) assume a personal responsibility for all mistakes and deceptions submitted on IRS Form 990, which could include financial as well as criminal penalties. Be sure to thoroughly review and understand the contents of the IRS Form 990 before signing it.

### Scenario 2: Bus Passes

#### Answer: A

You say, “I’m not sure that it is. I think that because those passes are funded by a grant, they have to be used by those program’s clients or it’s considered a misuse of funds.”

Grant fraud typically occurs when award recipients use the funds for purposes other than those stipulated by the terms of the grant. This fraudulent behavior can take the form of embezzlement, theft, bribery or false claims and statements.

Using federal grant dollars for unjust enrichment, personal gain, or other than their intended use—including using it towards a different program—is a form of theft, subject to criminal and civil prosecution under the laws of the United States.

Allegations of fraud, waste, and abuse can and should be made directly to your awarding agency or foundation for investigation. Most government agencies have an Office of Inspector General (OIG) that investigates allegations of fraud, waste, and abuse.

In this case, you should ask the staff member to return the stack of bus passes to their secure location. Then you should request an audit of the bus passes by the Finance Committee to identify and address fraud, theft, or misuse. If necessary, restitution can be made or the authorities contacted as required by law.

### Scenario 3: Whistleblower

#### Answer: A

You say, “This is a problem. This issue needs to be investigated and stopped before this goes any further. We also need to figure out how to let this staff member know he is protected by the Whistleblower policy.”

All people associated with NAMI organizations—from the Board of Directors, to the Executive Director, to staff members and volunteers—are expected to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. They are also expected to practice honesty and integrity in fulfilling their responsibilities, and comply with all applicable laws and regulations. Illegal activity is not tolerated in any NAMI organization.

This issue—including the budget, books, and the Executive Director’s actions—needs to be investigated immediately to restore the integrity of the organization’s finances.

The Whistleblower Policy protects persons associated with the organization who, in good faith, report possible wrongdoing to the Board, a Board member, the Executive Director, or any other person of authority within the organization. The policy protects the Whistleblower from retaliation, harassment, or adverse employment consequences as a result of making such complaints.

### Scenario 4: Travel Expenses

#### Answer: B

You say, “You must have misunderstood. IRS regulations prohibit a nonprofit organization from reimbursing employees for mileage related to commuting to and from our premises. I’m afraid you will need to repay these reimbursements. Let’s see what we can work out with payroll.”

Travel expense reimbursements are highly regulated by the IRS for businesses and nonprofits. These regulations allow reimbursement for “business miles” and prohibit reimbursement for “commuting” miles.

In addition, it’s against NAMI policies to reimburse for travel to and from the organization’s premises.

The payroll and travel reimbursement staff will need to work with the staff member to work out a plan to return the reimbursed funds to the organization in a timely manner.

Travel reimbursement policies are generally explained in an Employees’ Handbook.

# Internal Policies

## Lesson Overview

In addition to policies that mirror those of the national NAMI organization, most NAMI organizations have internal policies that direct how certain issues will be handled. These internal policies help to prepare their organization to function in an effective and accountable manner.

In this exercise you will:

- ▶ Increase your awareness of the types of issues generally addressed by internal policies.

## Directions

To complete this exercise:

- ▶ Review the lists of policies and issues.
- ▶ Next to each issue in the table, write the letter indicating the corresponding category of policies.
- ▶ Compare your results with the Answer Key.



## Policy Categories

- A. Media/Public Relations-related Policies**
- B. Work Schedule-related Policies**
- C. Finance-related Policies**
- D. Personal/Social Media-related Policies**
- E. Compensation and Benefits-related Policies**
- F. Reimbursement-related Policies**

**Policy:**

**Issue:**

\_\_\_\_\_

Family Leave

\_\_\_\_\_

Winter Storm

\_\_\_\_\_

Organizational Credit Card

\_\_\_\_\_

Statewide Event Announcement

\_\_\_\_\_

Travel Expenses

\_\_\_\_\_

Personal Facebook Page Posts

## Answer Key

**Policy:**

**Issue:**

  E  

Family Leave

### Compensation and Benefits-related Policies

NAMI organizations typically have internal policies related to compensation and benefits provided to staff. These types of policies address topics such as paid and unpaid leave (like family leave), sick leave, vacation, and severance pay.

  B  

Winter Storm

### Work Schedule-related Policies

NAMI organizations typically have internal policies related to how weather and other disaster-related issues are handled. These policies help administrators and staff to understand in advance the best actions to take, should weather or other disaster-related issues occur.

  C  

Organizational Credit Card

### Finance-related Policies

NAMI organizations typically have internal policies that address issues related to organizational credit cards. These policies designate who in the organization may hold an organizational credit card, approved usage of organizational credit cards, and records that must be maintained by the user and submitted to the organization when an organizational credit card is used.

  A  

Statewide Event Announcement

### Media/Public Relations-related Policies

NAMI organizations typically have internal policies related to the release of organizational information to ensure the accuracy of the information provided. These policies generally apply to event announcements, press releases, and the release of the organization's information and documents.

**Policy:**

**Issue:**

F

Travel Expenses

### Reimbursement-related Policies

Because NAMI organizations are 501(c)(3)s, use of organizational funds are controlled by federal and state law, and internal policies. NAMI organizations have internal policies related to travel expenses and reimbursements to ensure that laws and regulations are followed to the letter, and that the appropriate documents are maintained as required.

Travel expense is one area in which federal and state governments specifically control what is allowed to be reimbursed. Your policies should clearly state these guidelines to ensure that all rules and regulations are followed.

D

Personal Facebook Page Posts

### Personal/Social Media-related Policies

Social media is a great tool for getting out NAMI messages. But, like press releases, postings to social media must be controlled to ensure that the message is accurate. NAMI organizations generally have internal policies that clearly explain what is and isn't allowed with respect to posting organization information on social media sites.



## Section 4: Financial Management

Members serving on the Board of Directors have serious fiduciary duties to support the responsible use of funds entrusted to their organizations. In this module, we'll review your responsibilities for protecting and supporting the financial health of your NAMI organization. This section will likely increase your personal financial literacy as it's heavily focused on reporting requirements in line with both NAMI's Standards of Excellence and third-party financial audits.

# What is a Budget?

## Lesson Overview

When thinking about how to manage an organization, Board members will want to be able to navigate an organization's budget to understand spending patterns and make effective decisions. In this exercise, you will:

- › Identify the components of a budget.
- › Consider what you know about organizational budgeting.

## Directions

To complete this exercise:

- › Read each statement.
- › Determine if the statement is accurate or not.
- › Compare your results with the Answer Key.

## Budget Statements

### True or False?

**A budget identifies how much money will be spent by each of the organization's departments and sponsored programs.**

### True or False?

**A budget for an event or specific program will help Board members sense when overspending is occurring and help forecast what impact spending patterns will have in the future.**

### True or False?

**Reviewing the organization's budget once annually can help ward off unforeseen surprises, like when outflows exceed the cash balance.**

**True or False?**

**A budget should reflect the priorities of the organization, focusing its projected spending on the programs and services that support the mission.**

**True or False?**

**The planning and development of the budget is the sole responsibility of the Board of Directors.**

## Answer Key

**A budget identifies how much money will be spent by each of the organization's departments and sponsored programs.**

**Answer: False**

A budget establishes guidelines, not targets, for organizational spending. Spending that comes in under budget leaves funds that can be reallocated for other purposes.

**A budget for an event or specific program will help Board members sense when overspending is occurring and help forecast what impact spending patterns will have in the future.**

**Answer: True**

A budget can help by:

- › Summarizing inflows and outflows over time.
- › Breaking out certain items into their own lines.
- › Showing patterns.
- › Giving a strong sense when the organization is overspending.
- › Forecasting what impact spending patterns have in the future.

When the budget is for a specific event or program, it can help you determine whether the costs are reasonable and a good use of your organization's funds.

**Reviewing the organization's budget once annually can help ward off unforeseen surprises, like when outflows exceed the cash balance.**

**Answer: False**

Reviewing the organization's budget on a regular basis can help to ensure that the organization is being fiscally responsible. It makes more sense to review the budget frequently, as opposed to only once a year, to catch any overspending as quickly as possible and get spending back under control.



**A budget should reflect the priorities of the organization, focusing its projected spending on the programs and services that support the mission.**

**Answer: True**

The budget should reflect the mission of the organization. It should emphasize spending on its programs and services, as opposed to on its administration.

Studies have shown that donors are more likely to contribute when they're sure that their contributions are being spent on the programs and services they support.

**The planning and development of the budget is the sole responsibility of the Board of Directors.**

**Answer: False**

Though the Board of Directors is responsible for approving the budget, the work of planning and developing the budget is shared between the Board and staff members, especially the Executive Director.

# Working with Budgets

## Lesson Overview

In its oversight function, Board members should examine the annual budget and any project budgets. This is to ensure that the projected expenses and income are comprehensive and realistic, and that they reflect fiscally responsible spending. In this exercise, you will:

- › Practice using a budget to identify potential red flags.
- › Improve your understanding of budgets.
- › Consider your approach to organizational decision-making.

## Directions

To complete this exercise:

- › Read each scenario.
- › Explore the budget spreadsheet.
- › When you're ready, identify the items of concern by writing a check mark in the "Needs Review" column.
- › Compare your results with the Answer Key.

## Budget Scenarios

### Program Budget

This is the budget for providing Leadership training for 2 state trainers and 12 trainees, not including facility rental fees. Review the program budget shown here, including which budget items should be flagged for review and why.

| <b>Leader Training for 2 state trainers and 12 trainees</b>                                      |                   | <b>Needs Review</b> |
|--|-------------------|---------------------|
| <b>Lodging:</b> 14 people x 2 nights @ \$100/night   | \$2,800.00        |                     |
| <b>Meals:</b> 1 meal per day x 14 people x 2 days  | \$1,400.00        |                     |
| <b>Travel:</b> 2 days x 14 people x 50 miles per day @ \$1.00/mile                               | \$1,400.00        |                     |
| <b>Trainer's fee:</b> 2 trainers @ \$500/each  | \$1,000.00        |                     |
| <b>Materials:</b> (including Facilitator manuals, charts and equipment, and marketing brochures) | \$492.00          |                     |
| <b>Total Budgeted:</b>   | \$7,000.00        |                     |
| <b>Leaders to NAMI Training of Trainers</b>  |                   | <b>Needs Review</b> |
| <b>Registration:</b> 2 trainees @ \$450/each   | \$900.00          |                     |
| <b>Airfare:</b> 2 trainees @ \$1,000/trainee   | \$2,000.00        |                     |
| <b>Meals:</b> 2 trainees x 3 meals (travel days + 1)<br>@ \$50/day                               | \$100.00          |                     |
| <b>Total Budgeted:</b>   | \$2,000.00        |                     |
| <b>TOTAL AMOUNT TO BUDGET</b>  | <b>\$9,000.00</b> |                     |

### NAMIWalks Budget

This is part of the proposed budget for a NAMIWalks event. Review the partial budget shown here, including which budget items should be flagged for review and why.

| <b>Item Description</b>  |                    | <b>Needs Review</b> |
|--|--------------------|---------------------|
| <b>Volunteer Information Meeting</b>                           | \$546.10           |                     |
| <b>Local printing of WALK Materials (brochures and flyers)</b> | \$1,685.62         |                     |
| <b>Advertising</b>   | \$536.20           |                     |
| <b>Walker Incentive Prizes</b>                                 | \$1,116.64         |                     |
| <b>Promotional Materials</b>                                   | \$816.54           |                     |
| <b>NAMIWalks T-Shirt printing</b>                              | \$3,647.28         |                     |
| <b>WALK Day equipment rentals</b>                              | \$363.75           |                     |
| <b>WALK Day entertainment</b>                                  | \$1,400.00         |                     |
| <b>TOTAL AMOUNT TO BUDGET</b>                                  | <b>\$10,112.03</b> |                     |

## Operations Budget

Here is the budget for the personnel expenses of a small NAMI affiliate. Review the budget shown here, including which budget items should be flagged for review and why.

| <b>Revenue</b>                            |                     | <b>Needs Review</b> |
|---|---------------------|---------------------|
| Behavioral Health Admin.                  | \$115,325.00        |                     |
| Fundraising from NAMIWalks                | \$9,835.00          |                     |
| State Block Grant                         | \$13,250.00         |                     |
| <b>Revenue Total:</b>                     | <b>\$138,410.00</b> |                     |
| <b>Administrative Expenses: Personnel</b> |                     | <b>Needs Review</b> |
| Compensation                              | \$70,000.00         |                     |
| Benefits                                  | \$12,500.00         |                     |
| Payroll Taxes                             | \$17,500.00         |                     |
| Consultant                                | \$5,000.00          |                     |
| Legal Advisor                             | \$7,500.00          |                     |
| <b>Total Personnel Expenses:</b>          | <b>\$112,500.00</b> |                     |
| <b>Program Expenses</b>                   |                     | <b>Needs Review</b> |
| Education                                 | \$5,000.00          |                     |
| NAMIWalks                                 | \$10,500.00         |                     |
| Video Library                             | \$200.00            |                     |
| <b>Total Program Expenses:</b>            | <b>\$15,700.00</b>  |                     |
| <b>TOTAL EXPENSES</b>                     | <b>\$128,200.00</b> |                     |



## Answer Key

### Program Budget

This is the budget for providing Leadership training for 2 state trainers and 12 trainees, not including facility rental fees. Review the program budget shown here, including which budget items should be flagged for review and why.

| <b>Leader Training for 2 state trainers and 12 trainees</b>                                      |                   | <b>Review</b>  |
|--|-------------------|--|
| <b>Lodging:</b> 14 people x 2 nights @ \$100/night   | \$2,800.00        | No action required.  |
| <b>Meals:</b> 1 meal per day x 14 people x 2 days  | \$1,400.00        | No action required.  |
| <b>Travel:</b> 2 days x 14 people x 50 miles per day @ \$1.00/mile                               | \$1,400.00        | IRS regulations limit mileage reimbursement to \$0.58/mile, so the budget for this item is almost twice what it should be. |
| <b>Trainer's fee:</b> 2 trainers @ \$500/each  | \$1,000.00        | No action required.  |
| <b>Materials:</b> (including Facilitator manuals, charts and equipment, and marketing brochures) | \$492.00          | No action required.  |
| <b>Total Budgeted:</b>   | \$7,000.00        | No action required.  |
| <b>Leaders to NAMI Training of Trainers</b>  |                   | <b>Review</b>  |
| <b>Registration:</b> 2 trainees @ \$450/each   | \$900.00          | No action required.  |
| <b>Airfare:</b> 2 trainees @ \$1,000/trainee   | \$2,000.00        | This airfare rate is very high for domestic travel.  |
| <b>Meals:</b> 2 trainees x 3 meals (travel days + 1) @ \$50/day                                  | \$100.00          | This budget item for meals may be too low. Check to see if a policy exists around per diem rates.                          |
| <b>Total Budgeted:</b>   | \$2,000.00        | No action required.  |
| <b>TOTAL AMOUNT TO BUDGET</b>  | <b>\$9,000.00</b> | No action required.  |

## NAMIWalks Budget

This is part of the proposed budget for a NAMIWalks event. Review the partial budget shown here, including which budget items should be flagged for review and why.

| Item Description  |                    | Review  |
|---|--------------------|---|
| Volunteer Information Meeting                           | \$546.10           | No action required.   |
| Local printing of WALK Materials (brochures and flyers) | \$1,685.62         | This expense seems very high. Locate the receipt and verify the entry.                          |
| Advertising   | \$536.20           | This expense seems very low, considering that advertising can easily cost 10 times that amount. |
| Walker Incentive Prizes                                 | \$1,116.64         | This is a lot of money to spend on incentives. Recheck the list of prizes and associated costs. |
| Promotional Materials                                   | \$816.54           | No action required.   |
| NAMIWalks T-Shirt printing                              | \$3,647.28         | This number is high for t-shirt printing. Research other possible suppliers.                    |
| WALK Day equipment rentals                              | \$363.75           | No action required.   |
| WALK Day entertainment                                  | \$1,400.00         | No action required.   |
| <b>TOTAL AMOUNT TO BUDGET</b>                           | <b>\$10,112.03</b> | No action required.   |

## Operations Budget

Here is the budget for the personnel expenses of a small NAMI affiliate. Review the budget shown here, including which budget items should be flagged for review and why.

| Revenue                            |                     | Review  |
|------------------------------------|---------------------|---|
| Behavioral Health Admin.           | \$115,325.00        | No action required.   |
| Fundraising from NAMIWalks         | \$9,835.00          | No action required.   |
| State Block Grant                  | \$13,250.00         | No action required.   |
| <b>Revenue Total:</b>              | <b>\$138,410.00</b> | No action required.   |
| Administrative Expenses: Personnel |                     | Review  |
| Compensation                       | \$70,000.00         | No action required.   |
| Benefits                           | \$12,500.00         | This is a generous benefits package for a nonprofit organization.               |
| Payroll Taxes                      | \$17,500.00         | No action required.   |
| Consultant                         | \$5,000.00          | This number seems high. Investigate what services this consultant is providing. |

| <b>Administrative Expenses: Personnel</b> |                     | <b>Review</b>  |
|---|---------------------|--|
| Legal Advisor                             | \$7,500.00          | This number seems high. Investigate what services this legal advisor is providing.   |
| <b>Total Personnel Expenses:</b>          | \$112,500.00        | No action required.  |
| <b>Program Expenses</b>                   |                     | <b>Review</b>  |
| Education                                 | \$5,000.00          | This number seems low, especially given NAMI's mission. Providing programs should be the organization's priority. Check expenses from previous years.  |
| NAMIWalks                                 | \$10,500.00         | The expenses for this program are greater than funds raised the previous year. Investigate the reasoning for increasing the budget to this level.  |
| Video Library                             | \$200.00            | No action required.  |
| <b>Total Program Expenses:</b>            | \$15,700.00         | This amount is very low in comparison to Administrative expenses. This indicates that the budget is not aligned to support the organization's mission of providing programs and services to the community.   |
| <b>TOTAL EXPENSES</b>                     | <b>\$128,200.00</b> | The personnel expenses equal 88% of the budget for expenses. Administrative costs that are greater than 40% raise red flags with the IRS and discourage donations. The organization needs to shift the focus of its expenses to its programs to appropriately align its budget to support its mission. |





# Financial Statements

## Lesson Overview

Part of being a successful Board member is understanding your organization's finances. There are four key financial statements that will help you get a handle on this: the Statement of Financial Position, the Statement of Activities, the Statement of Cash Flows, and the Statement of Functional Expenses. It's important to understand the purpose of each. In this exercise, you will:

- › Identify the purpose for each type of financial statement.
- › Deepen your understanding of when and how to use each financial statement.

## Directions

To complete this exercise:

- › Review each phrase describing the purpose or use of a particular financial statement.
- › Next to each description, write the acronym of the corresponding financial statement.
- › Compare your results with the Answer Key.

## Financial Statements

**Statement of Financial Position (SFP)**

**Statement of Activities (SOA)**

**Statement of Cash Flows (SCF)**

**Statement of Functional Expenses (SFE)**

**Financial  
Statement:**

**Description:**

|       |   |
|-------|---|
| _____ | It shows the movement of actual cash during a given time period, including all cash flows, from any source.                 |
| _____ | It shows where an organization's total income is offset by total expenses, totaling to Net Income (NI).                     |
| _____ | It presents expenses on both a "functional" basis and a "natural" basis.  |
| _____ | It is the foundation of understanding your organization's finances.   |
| _____ | It allows you to see how the organization's resources are being used.   |
| _____ | It's called an Income Statement in a for-profit company.  |
| _____ | It's used to evaluate how well the organization generates cash to pay its debt obligations and fund its operating expenses. |
| _____ | It reflects the organization's net worth at a given moment in time, such as year-end.                                       |

# Answer Key

## Financial Statements

**Statement of Financial Position (SFP)**

**Statement of Activities (SOA)**

**Statement of Cash Flows (SCF)**

**Statement of Functional Expenses (SFE)**

**Financial Statement:**

**Description:**

SCF

It shows the movement of actual cash during a given time period, including all cash flows, from any source.

SOA

It shows where an organization's total income is offset by total expenses, totaling to Net Income (NI).

SFE

It presents expenses on both a "functional" basis and a "natural" basis.

SFP

It is the foundation of understanding your organization's finances.

SFE

It allows you to see how the organization's resources are being used.

SOA

It's called an Income Statement in a for-profit company.

SCF

It's used to evaluate how well the organization generates cash to pay its debt obligations and fund its operating expenses.

SFP

It reflects the organization's net worth at a given moment in time, such as year-end.



# Working with Financial Statements

## Lesson Overview

Understanding and interpreting financial statements is critical when using them to make decisions about your organization. In this exercise, you will:

- › Determine the right type of financial statement to use in various situations.
- › Strengthen your ability to use financial statements when making organizational decisions.

## Directions

To complete this exercise:

- › Read each scenario.
- › Select which financial statement would be the correct one to use.
- › Compare your results with the Answer Key.

### Scenario 1

At the end of the quarter, you review a financial statement to see if your organization's financial position has improved. It's not the end of the fiscal year yet, so there's still time to make adjustments.

You note that your organization received \$27,000.00 in donations, plus a grant of \$2,000.00 for a total of \$29,000.00 in income. When the expenses for the quarter are subtracted from that total, you determine that your organization has a surplus of \$10,530. This puts your organization in a better financial position for next quarter and the year ahead.

### Which statement are you looking at?

- Statement of Financial Position (SFP)
- Statement of Activities (SOA)
- Statement of Cash Flows (SCF)
- Statement of Functional Expenses (SFE)

## Scenario 2

At the end of the year, you review a financial statement that shows cash has increased by \$100,000, investments have decreased by \$200,000, and Accounts Payable has decreased by \$50,000 in comparison to the previous year.

### Which statement are you looking at?

- a. Statement of Financial Position (SFP)
- b. Statement of Activities (SOA)
- c. Statement of Cash Flows (SCF)
- d. Statement of Functional Expenses (SFE)

## Scenario 3

When reviewing a financial statement, you notice that operating activities generated a cash increase of \$231,000 and investing activities generated a cash decrease of \$40,000. There were no financing activities. According to this statement, the Net Cash generated was \$191,000.

### Which statement are you looking at?

- a. Statement of Financial Position (SFP)
- b. Statement of Activities (SOA)
- c. Statement of Cash Flows (SCF)
- d. Statement of Functional Expenses (SFE)

## Scenario 4

You are reviewing a financial statement to see how much your organization's travel expenses were from each of your cost centers: Program and Membership Services, Educational Services, Advocacy, Administration, and Development.

### Which statement are you looking at?

- a. Statement of Financial Position (SFP)
- b. Statement of Activities (SOA)
- c. Statement of Cash Flows (SCF)
- d. Statement of Functional Expenses (SFE)

## Answer Key

### Scenario 1

At the end of the quarter, you review a financial statement to see if your organization's financial position has improved. It's not the end of the fiscal year yet, so there's still time to make adjustments.

You note that your organization received \$27,000.00 in donations, plus a grant of \$2,000.00 for a total of \$29,000.00 in income. When the expenses for the quarter are subtracted from that total, you determine that your organization has a surplus of \$10,530. This puts your organization in a better financial position for next quarter and the year ahead.

**Which statement are you looking at?**

**Answer: B - Statement of Activities (SOA)**

**The Statement of Activities** reports revenues and expenses as well as the changes in the amounts of each of the classes of net assets during a specific period of time, such as quarterly. You would use this financial statement to see how your organization's financial position changed at the end of each quarter.

### Scenario 2

At the end of the year, you review a financial statement that shows cash has increased by \$100,000, investments have decreased by \$200,000, and Accounts Payable has decreased by \$50,000 in comparison to the previous year.

**Which statement are you looking at?**

**Answer: A - Statement of Financial Position (SFP)**

**The Statement of Financial Position (SFP)** provides a snapshot of your organization's financials, reflecting the organization's net worth at a given moment in time, most typically at year's end. The SFP enables you to compare your previous year's (PY) numbers with the current year's (CY), to show patterns, opportunities, and changes.



### Scenario 3

When reviewing a financial statement, you notice that operating activities generated a cash increase of \$231,000 and investing activities generated a cash decrease of \$40,000. There were no financing activities. According to this statement, the Net Cash generated was \$191,000.

**Which statement are you looking at?**

**Answer: C - Statement of Cash Flows (SCF)**

**The Statement of Cash Flows (SCF)** provides information about cash deposits and disbursements during a period of time. It shows the net increase or decrease of cash and which section of the statement generated the increase or decrease. The SCF can be used to evaluate how well the organization generates cash to pay its debt obligations and fund its operations.

### Scenario 4

You are reviewing a financial statement to see how much your organization's travel expenses were from each of your cost centers: Program and Membership Services, Educational Services, Advocacy, Administration, and Development.

**Which statement are you looking at?**

**Answer: D - Statement of Functional Expenses (SFE)**

**The Statement of Functional Expenses (SFE)** explains the costs incurred for each functional area of the organization. This statement presents expenses on a functional basis (i.e. Programs, Administration, Fundraising) and a natural basis (i.e. Salaries, Utilities, Rent) in a matrix format. This statement shows major expenses for both programs and administration, and allows you to see how the organization's resources are being used.



## Section 5: Fundraising

As stewards of a NAMI organization, members of the Board of Directors are expected to help support the organization financially and to help raise funds. In this module, we will help you see how fundraising helps achieve your organization's missions and goals. We'll also introduce you to some fundraising activities you may not have considered in the past and different ways you can contribute to your organization's fundraising efforts.

# How We Fundraise

## Lesson Overview

Fundraising is an ongoing process. Sometimes our fundraising strategies can feel stale, and we need fresh ideas to keep the community's interest and bring new people to our events. Sponsoring fundraising events requires lots of hands contributing in many ways. While you may usually contribute in one way or another, it can be fun to try contributing in new ways. In this exercise, you will:

- › Explore a variety of fundraising activities.
- › Broaden your list of fundraising strategies that could be used by your organization.
- › Consider ways you could contribute to various types of fundraising events.
- › Broaden your view of the contributions you can make to your own organization's fundraising events.

## Directions

To complete this exercise:

- › Review the list of fundraising strategies, and refer to the Handbook for more information on each.
- › Check the large boxes next to any of the overall activities you think could work in your organization.
- › Check the smaller boxes next to the tasks you would be willing to do to support the event.

# Your NAMI Fundraising Role Checklist

## Gala Event

### Supporting Tasks

- Participate on the Planning Committee to identify a date, select a venue, and oversee the other committees.
- Participate on the Budget Committee to develop a budget for the gala event.
- Negotiate and oversee contracts for the venue, food, and beverages.
- Participate on the Invitation Committee to identify guests and create and print invitations.
- Participate on the Program Committee to identify guest speakers, presentations, etc.
- Participate on the Activities Committee to identify and solicit donations for activities at the gala, including raffles, silent auctions, prizes, etc.
- Prepare a mechanism for tracking donations from the gala event.
- Solicit your network for donations for “Silent Auction” items.
- Invite friends and colleagues to attend the gala event and sit at your table.
- Report results of the fundraising campaign for future planning.

## Direct Mail Fundraiser

### Supporting Tasks

- Develop a donor database.
- Determine your target audience.
- Develop a budget for your direct mail campaign.
- Determine whether to handle the direct mailing yourself or hire a direct mail service.
- Write up a story about the work NAMI is doing.
- Create an easily-understandable letter to explain the purpose of the fundraising campaign.
- Coordinate printing of direct mail materials.
- Prepare a mechanism for tracking donations from the direct mail campaign.
- Mail the direct mail materials.
- Receive, log, and process donations.

## NAMIWalks

### Supporting Tasks

- Participate in/Sponsor a 5K event that raises awareness and funds for NAMI organizations across the country.
- Contact the NAMIWalks team via: <http://www.namiwalks.org/>
- Get approval and commitment of your board
- Develop an annual budget
- Develop a strategic and/or activity plan that identifies how the funds generated will be used
- Grow a substantial volunteer base
- Build Board committee support and engagement
- Secure sponsorship commitments

## Restaurant Fundraiser

### Supporting Tasks

- Develop a list of restaurants and owner/general manager contact information to approach.
- Develop a list of dates for the event to propose to restaurant owners/general managers.
- Develop the script for contacting restaurant owners/general managers about participating in a fundraiser for your organization.
- Meet with restaurant owners/general managers to discuss participating in a fundraiser for your organization.
- Write (or oversee writing) the contract letter to outline the fundraiser agreement.
- Develop the publicity campaign.
- Create the advertisement flyer, including artwork.
- Promote the event on social media.
- Show up to the restaurant and enjoy.
- Report results of the fundraising campaign for future planning.

## Advocate for your Organization

### Supporting Tasks

- Volunteer at a community event and represent your organization.
- Attend meetings with decision makers and law makers at the local and state level.
- Build relationships with elected officials, agency leaders, and community partners to inform them about NAMI's advocacy cause.
- Be vigilant of any public funds in the organization's budget that may be vulnerable if public policy shifts.
- Become a resource on mental health issues as well as on connections to education, support, and services for individuals living with mental illness when engaging with others.
- Participate in group advocacy efforts, i.e. lobby days or congressional hearings.
- Post on social media highlighting a recent organizational achievement.
- Sign up for advocacy alerts from NAMI's policy team at [www.nami.org/takeaction](http://www.nami.org/takeaction).
- With staff or the Executive Director, find and share a compelling story that illustrates your NAMI organization's impact.
- Write letters or emails to elected officials to explain the potential impact of pending legislation.

## Speaking Engagements

### Supporting Tasks

- Speak about NAMI at local civic and business groups and associations, local churches, or even individual businesses.
- Contact NAMI Education at [namieducation@nami.org](mailto:namieducation@nami.org)
- Contact your NSO
- Recruit and screen presenters
- Coordinate online training and in-person practice sessions
- Reach out to businesses, schools, churches, universities, and other venues to schedule presentations
- Coordinate presentation details with presenters
- Prepare presentation materials for presenters
- Order program materials
- Report program data

## Peer-to-Peer Fundraising

### Supporting Tasks

- Reach out to your peers on social media and ask for donations through storytelling and sharing.
- Choose a platform
- Coach fundraisers
- Decide on a goal/time rame
- Share updates to encourage supporters and keep them engaged
- Track your P2P campaigns
- Thank supporters as they contribute to the campaign