



# MAIN STREET HANDBOOK

## Board Leadership Guide



**OREGON**  
**MAIN STREET**



Revised 2020

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## Board Leadership Guide

This guide is written for Main Street board members and the staff with whom they work.

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### Why it matters

You care about your Main Street community and want your organization to thrive. You want to make good decisions and stay compliant with the law. The success of your Main Street organization depends on the kind of governance that addresses community issues through a shared sense of mission and vision. This chapter covers core board-related topics so that you have what you need to lead. *Use it alongside the other three guides, About Main Street, Starting a Main Street, and Executive Leadership, that provide more details..*

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### This guide focuses on

- ▶ Board Governance
- ▶ Financial Management
- ▶ Nonprofit Law
- ▶ Each section reviews what you need to know, tools to help strengthen your practice, and offers a list of key documents and where you can find them.

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### How to use this guide

This guide was designed to be used in three ways:



**Answer questions:** You may have stepped onto the board as a community member. Nonprofit practice is new to you, and you would like to explore what there is to know. This guide is a resource to you to answer your questions.



**Learn together:** You are on this journey together as a board and staff. It is important to set time aside in meetings and orientations to learn and plan how you want to be as an organization. This guide gives you information and discussion questions to support conversations within your organization.



**Get advice:** You are part of a network of Main Street organizations and your State Main Street Program. Experts are ready to train you on what you need to know and connect you with colleagues in other communities. Use this guide as a starting place for these conversations.



Find examples of documents and resources by visiting [www.oregonmainstreet.org](http://www.oregonmainstreet.org) and look for this button:

**OREGON MAIN  
STREET MANAGERS  
PORTAL**



## Board Leadership Checklist

Before we start, take a minute to check in with where your board is now.

### Board Governance

	Yes	No
Do you have a clear mission statement that guides your leadership?	<input type="checkbox"/>	<input type="checkbox"/>
Are all board members and key volunteers able to name the organization's mission and main programs?	<input type="checkbox"/>	<input type="checkbox"/>
Does the board hold regularly scheduled board meetings? Do you make progress (i.e., approve minutes, hear reports, discuss business and vote) at these meetings?	<input type="checkbox"/>	<input type="checkbox"/>
Are there written expectations and responsibilities for board members?	<input type="checkbox"/>	<input type="checkbox"/>
Is there a strategy to recruit board members?	<input type="checkbox"/>	<input type="checkbox"/>
Can you name how board members contribute to the health of the organization?	<input type="checkbox"/>	<input type="checkbox"/>
Do board members sign a conflict of interest policy?	<input type="checkbox"/>	<input type="checkbox"/>
Do board members represent the different demographic groups?	<input type="checkbox"/>	<input type="checkbox"/>

### Financial Management

Does the organization have an annual budget "owned" by the board?	<input type="checkbox"/>	<input type="checkbox"/>
Does every board member know how to read an income statement and balance sheet?	<input type="checkbox"/>	<input type="checkbox"/>
Does the organization prepare a bank reconciliation on a monthly basis?	<input type="checkbox"/>	<input type="checkbox"/>
Does a qualified bookkeeper manage the organization's money day to day?	<input type="checkbox"/>	<input type="checkbox"/>
Does a different person from the bookkeeper sign checks?	<input type="checkbox"/>	<input type="checkbox"/>
Does someone with accounting experience serve as the organization's treasurer?	<input type="checkbox"/>	<input type="checkbox"/>
Does the executive director/board president review expenditures on a monthly basis?	<input type="checkbox"/>	<input type="checkbox"/>
Does the organization have a written procedure for managing cash?	<input type="checkbox"/>	<input type="checkbox"/>
Is the bookkeeping function computerized (excel, Quicken, QuickBooks)?	<input type="checkbox"/>	<input type="checkbox"/>
Can every board member state their role in raising money for the organization?	<input type="checkbox"/>	<input type="checkbox"/>
Is funding relatively stable from year to year?	<input type="checkbox"/>	<input type="checkbox"/>
Is funding from a diversity of sources?	<input type="checkbox"/>	<input type="checkbox"/>

### Nonprofit Law

Do you maintain minutes for all board meetings?	<input type="checkbox"/>	<input type="checkbox"/>
Do you file all necessary tax documents (local, state, federal)?	<input type="checkbox"/>	<input type="checkbox"/>
Do you maintain necessary nonprofit records at local, state, and federal levels?	<input type="checkbox"/>	<input type="checkbox"/>
Do you have Directors & Officers insurance?	<input type="checkbox"/>	<input type="checkbox"/>
Do you maintain general liability insurance appropriate for the group's activities and to protect the organization's assets?	<input type="checkbox"/>	<input type="checkbox"/>
Do you maintain employment records?	<input type="checkbox"/>	<input type="checkbox"/>
Do you pay all necessary employment taxes?	<input type="checkbox"/>	<input type="checkbox"/>
Do you maintain technology safeguards, including backing up systems and virus control?	<input type="checkbox"/>	<input type="checkbox"/>
Is there a master file of all documents and financials on an external hard drive kept at a second location, backed up to the cloud, or on computers at different locations?	<input type="checkbox"/>	<input type="checkbox"/>
Do you maintain a central listing of organization passwords, including those used by volunteers?	<input type="checkbox"/>	<input type="checkbox"/>
Do you track grants to ensure proper handling of funds?	<input type="checkbox"/>	<input type="checkbox"/>
Are all formal partnerships clearly outlined in signed agreements?	<input type="checkbox"/>	<input type="checkbox"/>
Are you protected against patent/copyright infringement?	<input type="checkbox"/>	<input type="checkbox"/>
Is all documentation related to property up to date?	<input type="checkbox"/>	<input type="checkbox"/>
Are you clear who owns key tools or equipment used by your organization?	<input type="checkbox"/>	<input type="checkbox"/>

## Boards

Your board guides your organization to make a difference. It provides important strategy to make sure your work is aligned with the needs in your community. It stewards the systems that protect your assets and keeps you legal. Ultimately your board exists to make good decisions that serve your mission and your community.

### Key questions

- ▶ Why does your organization exist and why do you serve on its board?
- ▶ What is the job of a board member?
- ▶ How do you operate a board to best achieve your mission?

### What you need to know

Board members connect the work with the larger community, giving context to help understand your organization's place in the system in which it works and to effect changes that better that system when possible. Board members serve as ambassadors and advocates for a cause that they are passionate about. They are leaders bringing into the organization knowledge, ideas, and connections. It takes intention and structure to run a board effectively.

It is important that board members fulfill their responsibilities, from setting a clear mission to making that mission happen through effective programs. The board is entrusted by the community and the government to ensure that the organization pursues its mission, is compliant with all federal, state, and local requirements, and implements activities with accountability and transparency. Organizations with staff experience the work differently than organizations with no staff. Organizations often begin with all-volunteer leadership in the form of a steering committee or board of directors. In an all-volunteer organizational structure, the board has greater responsibility in overseeing day to day operations. The board also plays an active role in identifying, planning, and implementing projects and activities at this stage until standing committees are formed to generate and oversee the work of Outreach, Design, Economic Vitality, and Promotions.

As the organization develops, the potential to hire staff means the board can select a leader who can manage day to day operations and provide additional direction to the downtown revitalization effort. This allows the volunteer leadership of the board to focus more of their efforts on long-term visioning, fundraising, and partnership building while they trust and empower the staff to focus on existing priorities and serve as connector and coordinator of committee projects and programs.

It takes an active and engaged board to ensure that the executive director is successful. The board president and executive director work in close partnership with every board member lending a hand to expand the capacity of the organization.

### Cornerstones of success

- ▶ Job descriptions (board member, committee chairs, and executive committee officers)
- ▶ Recruitment
- ▶ Orientation
- ▶ Meetings

### Key tools

- |  |  |  |
|--|--|--|
| <input type="checkbox"/> Board member job description  | <input type="checkbox"/> Board contract        | <input type="checkbox"/> Board self-assessment       |
| <input type="checkbox"/> Office job descriptions (President, Vice President, Secretary, Treasurer) | <input type="checkbox"/> Orientation checklist | <input type="checkbox"/> Conflict of interest policy |
|  | <input type="checkbox"/> Meeting agenda        |  |



### Resources

For board resources, visit the following:

- ◇ "Governance" resource page on Nonprofit Association of Oregon site, <https://nonprofitoregon.org/pp/governance>
- ◇ Boards in Gear document vault on the Washington Nonprofit Institute site, [wanonprofitinstitute.org/boards](http://wanonprofitinstitute.org/boards)

## The Role of Board Members

The main responsibility of a board member is to steward the organization's mission forward in collaboration with other volunteer leaders. Together you form a board, and it is the board as one body that makes decisions. Taking time to understand the role of a board member and to define it specifically for your organization will ensure that the right people are in the right place doing the right job. (<https://www.councilofnonprofits.org/tools-resources/board-roles-and-responsibilities>) Board members have different responsibilities:

- ◆ Uphold your nonprofit's legal duties: Duty of Care, Duty of Loyalty, and Duty of Obedience
- ◆ Individual responsibilities to serve to the best of their ability and avoid conflicts of interest.
- ◆ Legal responsibilities to ensure the organization is compliant with all laws (federal, state, and local).
- ◆ Financial responsibilities to raise the necessary funds and provide careful oversight.
- ◆ Risk management responsibilities to protect the assets of the organization.

A board job description articulates these responsibilities in a general way such that individual board members can contribute according to their interests and skills. In fact, boards often balance a job description with a board commitment form that gives space for flexibility.

Typical elements in a board member's job description are shown below:

Elements of a Board Member Job Description	
▶	Title
▶	Purpose
▶	Term
▶	Required skills, knowledge, and abilities
▶	General responsibilities (which would include financial contribution expectations)
▶	Specific tasks
▶	Time demands
▶	Other

Typical of Main Street boards:

- ◆ They are leading spokespeople for the Main Street Approach™ within the community
- ◆ They meet monthly for 60-90 minutes
- ◆ Some duties are delegated to an executive committee made up of officers
- ◆ Board members serve on one working committee or task force
- ◆ Board members are members and give a financial contribution



## Board Best Practices

**Encourage Inspired Leadership** — all contributors, stakeholders, and the public deserve knowledgeable and dedicated leadership

**Understand Organization's Bylaws** — the board should review the bylaws, your organization's formally adopted guiding rules and ordinances, on an annual basis to ensure the organization follows how it is established to operate

**Establish Term Limits** — likely outlined in the bylaws, term limits ensure board members join understanding the length of service and allows positive separation, when the time comes, between the organization and the volunteers

**Provide Board Orientation** — every new board member should be given an orientation packet that includes information about the organization as well board roles and responsibilities.

**Require Board Service Contracts** — board contracts or letter of commitments clearly describe the organization's expectations of its board members and should be updated and signed annually

**Require Board "Friendraising" and Fundraising Pledge**

**Recruit the Right Mix** — identify gaps in representation (downtown and community stakeholders, expertise, demographics, etc.) and key partnerships that are necessary for future success and a pipeline to selecting officers with care

**Host Board Retreat** — an annual board retreat can include strategic planning, environmental assessment, succession planning, resource planning, and team building activities

**Empower Executive Director** — the executive director makes detailed programmatic decisions for execution of projects; constant oversight by the board could slow progress and be suffocating and condescending to the executive director

**Communicate Success** — ensure the progress of the revitalization effort is widely shared and a thorough annual report of program activities is made to the public

**Establish Creative Partnerships** — strive for cooperation between the organization and local government and other groups working towards similar goals

**Provide Continuing Education** — search out and use information and guidance that will help the board improve the discharge of its responsibilities and encourage experimentation to find better methods to achieve goals

**Encourage Inspired Leadership** — all contributors, stakeholders, and the public deserve knowledgeable and dedicated leadership (this is the first and last best practice!)

## A Board's Relationship to Staff

Developing a positive working relationship between the board and the executive director is critical to the success of a Main Street organization. Clearly defining roles and expectations is a cornerstone for a collaborative and efficient dynamic. See [Executive Leadership](#) guide for more information.

## Understanding the Executive Director's Role

Main Street executive directors wear a lot of hats — volunteer manager, administrator, visionary, public relations specialist... the list goes on. However, we believe that the essential roles of a successful executive director fall into three categories:

**Communication:** The executive director is the face of the organization and plays a crucial role in representing its values, goals and accomplishments. They can regularly reinforce the work of your organization by communicating with a variety of people and utilizing multiple platforms (newsletters, social media, face-to-face, etc.), taking special care to keep downtown business and property owners in the loop.

**Collaboration:** Partnerships are key to the success of your organization, so executive directors are always on the lookout for organizations with parallel missions. Work together to identify common goals that will allow you to achieve more and conserve scarce resources.

**Coordination:** You can choose to coordinate projects or people. Executive directors who choose to coordinate projects get burnt out and resentful of an ineffective volunteer base. Those who choose to coordinate people enjoy a support system of volunteers willing to do impactful work.

## With (not for)

Volunteer and stakeholder engagement are key to the success of a Main Street organization. One phrase you may wish to adopt is “with, not for”: Main Street organizations work with business owners, the city, and residents (not for them) to create a more vital local economy and more vibrant community spaces in our downtown!

## Leader, Manager, and Doer

There is a balance that every executive director must strike between being a leader, a manager, and a doer. A leader is someone who inspires and empowers others, working alongside the board and other stakeholders to set a vision for the district and move forward strategically. As a manager, an executive director ensures that the organization's resources — both in terms of finances and people — and structures are being maximized to accomplish its goals. A Main Street executive director is also a doer who rolls up their sleeves and works alongside volunteers to get things done.

Too often, boards forget that they did not simply hire someone to accomplish administrative and project-based tasks; if you pigeon hole your executive director as a “manager” and a “doer” then you are missing out on all the value an executive director can bring to the organization as a leader.

## Joys and Pains

Being the executive director of a nonprofit focused on community building brings with it both joys and pains. It is important to remember that these experiences make up the full package of the position, so being prepared for both the good and the bad helps many directors manage expectations. That being said, we encourage boards to constantly assess how they can help improve the working conditions of their executive directors by minimizing the “pains” and accentuating the “joys.”

Here's a list of some of the common themes that executive directors express about their positions:

Joys	Pains
 Making a positive difference	 Boundaries (lack thereof)
 Building relationships	 Constantly accessible, always “on”
 Creativity and problem solving	 Unrealistic expectations
 Tangible improvements downtown	 Dealing with roadblocks/politics
 Saving historic buildings	 Unresponsiveness from volunteers
 Celebrating success	 Lack of resources (funding, staffing)
 Being at the table of major decisions	 Endless work, always “what’s next?”
 Getting to be a visionary	 Inadequate pay and benefits
 Meaningful/fulfilling work	 Being pulled in multiple directions
 Interesting and diverse	 Difficult to unplug, take time away
 Rich community life	 Progress not being acknowledged
 Flexibility in schedule	 Misperceptions
 Working with volunteers	 Cheerleading fatigue
 Networking with Main Street peers	 Constantly “putting out fires”
 Being a community leader	

## Executive Director Retention

The organization benefits greatly from retaining an effective leader, so boards are encouraged to take these and other measures to help their director avoid burnout:

- ♦ Play an active role in fundraising — with goals including adequate salary for the director and a budget that can accommodate support staff, if needed
- ♦ Insist they take vacation and encourage them to take extra time off when festivals and other activities require 50+ hour work weeks
- ♦ Recognize and thank them for their performance and commitment
- ♦ Recruit board members willing to be active and supportive in all aspects of the mission
- ♦ Conduct an annual, professional performance review that allows the director to both receive and provide feedback

## Board Recruitment

You want to make sure you recruit the right people to serve so you can get where you need to go! A great board is decisive and action-oriented. It is small enough to easily establish a quorum and large enough to include broad community representation. Typically, that means that a board has between 9 and 12 members, though the exact number will vary by community and who you need to make good decisions.

You are recruiting people who value your mission and share a commitment to the vision you are working towards. You might consider the following categories of people:

- ♦ Downtown merchants
- ♦ Professionals
- ♦ Downtown property owners
- ♦ Service sector
- ♦ Financial institutions
- ♦ Chamber board (not staff)
- ♦ Preservation organization or historical society
- ♦ Heads of neighborhood organizations
- ♦ Identified community leaders
- ♦ Local civic organizations
- ♦ School district
- ♦ Interested community members
- ♦ City and/or county government (works best in ex-officio capacity)

Other characteristics to look for:

- ♦ Professional skill set (finance, law, communications, fundraising...)
- ♦ Diversity of perspective and experience (race, gender, age, geography...)
- ♦ Personality (introvert, extrovert)

## Tips

- ♦ Diversity is key: an ideal board does not have a majority from any single category.
- ♦ You are recruiting for commitment to mission and vision, not connection to current board members.
- ♦ An application is a great tool to elicit information about potential board members.
- ♦ Committee work is a great way to get to know potential board members and to grow engagement with the work of the organization. You do not need to be a board member to serve on a committee.

## Board Member Orientation

Typical board orientation practices are shown below:

### Board Orientation Process

- ▶ Special meeting for new board members
- ▶ Orientation packet (see below for contents)
- ▶ Personal phone call or meeting with board president and/or executive director
- ▶ Assignment of a “board buddy,” matching an experienced board member with a new board member
- ▶ Follow up personal contact after first three months of board service

### Orientation Packet Contents

Please look at the About Main Street and [Executive Leadership](#) companion guides for resources to include in your orientation packet.

- ◇ Statement of purpose or mission and vision statement
- ◇ Brief overview of organization programs and services
- ◇ Information about the Main Street Approach™
- ◇ Annual report with financial statements for the past fiscal year
- ◇ Bylaws
- ◇ For organizations with staff, a copy of current personnel policies
- ◇ Policy statement and procedures that have been formally adopted by the board
- ◇ Abbreviations and acronyms of agencies and programs with which this organization is connected
- ◇ Contact information for each board member, including name, address, phone number, email address, and term of office
- ◇ List of committees with each chairperson and contact information identified. If committees have regular meeting times and places, these are included. Board organization chart showing committee and sub-committee structure.
- ◇ Most recent financial statements and current annual budget
- ◇ Minutes for most recent board meeting
- ◇ Listing of facilities owned or rented by the organization for its operations, including address, staff member in charge, and general purpose of the facility
- ◇ Copy of annual work plan and strategic plan
- ◇ Calendar of meeting and events
- ◇ Copy of state rules and/or letter of agreement with State Main Street Program

## Typical Board Orientation Agenda

1. Welcome
2. Overview of Main Street Approach™, local organization, and connection to state and national programs
3. Introduce key people
4. Review the full packet and answer questions
5. Review organization's finances
6. Review the job description and board expectations
7. Provide a tour of the designated downtown district and office
8. Collect data about contact information, best time to reach, etc.

Who is involved: New board members, board president, representative from Outreach Committee (if applicable), and executive director. All board members can be invited to offer an annual review of this information.



## Board Meetings

A lot of a board's work happens in meetings. It is therefore important to master the art of running an effective meeting.

### Key tools

- ♦ Sample meeting agenda
- ♦ Start and end on time
- ♦ Have a clear purpose and stated objectives
- ♦ Leave time for connection and constructive conversation
- ♦ Board meeting procedures guide (here's a great resource)
- ♦ Conflict of interest policy

### Who writes the board agenda?

Typically, a board president and executive director meet at least one week before a board meeting to craft the agenda. It brings together high-level strategy topics that the board is stewarding and policy decisions that the staff need addressed. It is a good idea to invite additional input from other board members.

### Key jobs

- ♦ Moderator, often the board president
- ♦ Notetaker, best assigned to the board secretary

### Key steps

1. By 1 week before: All committee reports, financials, or other documents should be sent to the executive director for distribution
2. 1 week before: Send the agenda and supporting documents
3. Within the week before: executive director and board president meet to review agenda

### More tips

- ♦ Make sure you understand the communication requirements for your organization and follow them.
- ♦ If your organization is housed in a city or other government department, know the open meeting law requirements that impact you — not applicable to 501(c)3s.
- ♦ The optimal length of time for a board meeting is 90 minutes.
- ♦ Committees present highlights during the board meeting, not their full report.
- ♦ Committees and work sessions make recommendations for consideration by the full board. They do not make decisions.
- ♦ If the board makes a mistake on a meeting procedure, acknowledge and fix it. This may require redoing the procedure on the next agenda.

## Financial Management

Money is the fuel that drives your organization forward. Knowing where you are financially will help you steward your money and raise more money. Your board will be able to make better decisions. Knowing how to raise money will ensure that you have the fuel you need to get where you need to go.

### Key questions

- What is your organizational culture related to money?
- What systems do you have in place for stewarding money?
- How can you build a fundraising program with diversified funds that cover the full cost of your work?

### What you need to know

- Raising money is everyone's job, not just the executive director or outreach committee.
- Money is a topic, like politics and religion, that some people have been taught not to talk about. Shaping a culture in which people are comfortable talking about money is healthy for a nonprofit organization.
- Nonprofits often struggle because they don't fund core operating expenses. This causes burnout and inefficiencies. You can address this in your budgets and funder communications.

### Cornerstones

- Financial statements
- Budget
- Case for support
- Diversified funding sources

### Key tools

There are some key tools to help you understand the money side of running a nonprofit.

- ☐ IRS Form 990
- ☐ Gift acceptance policy
- ☐ Segregation of duties checklist
- ☐ Case for Support
- ☐ Unrelated Business Income (UBI)



### Resources

For resources on nonprofit finances, please consult the following:

- ◇ "Financial Oversight" resources on Nonprofit Association of Oregon site, [nonprofitoregon.org/pp/financialoversight](http://nonprofitoregon.org/pp/financialoversight)
- ◇ "Finance Unlocked for Nonprofits" resources on the Washington Nonprofit Institute site, [wanonprofitinstitute.org/finance](http://wanonprofitinstitute.org/finance)
- ◇ Propel Nonprofits provides helpful templates and tools, [www.propelnonprofits.org](http://www.propelnonprofits.org)
- ◇ The nonprofit finance firm Jacobson Jarvis has excellent resources on its website, [jjco.com/resources](http://jjco.com/resources)

## Nonprofit Finances

A key function of the board is to steward the money of an organization. Board members have *individual* responsibilities to pay attention to the financial position of the organization and ensure that the organization is compliant with all rules related to money.

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### Key questions

- What do you own and owe as an organization?
  - What does it cost to run your organization?
  - What special rules apply to donations, grants and contracts which often have conditions placed on how money is spent?
  - How can you best protect your assets?
- 

### What you need to know

- Your balance sheet is your financial report that tells you what you own (assets) and owe (liabilities). It is the snapshot taken at any moment in time.
  - Your income statement (also called Profit & Loss or Operating Statement) tells the story of the work of your organization. It includes income and expenses. It is typical to include your budget, which is your financial plan.
  - Nonprofits often struggle to achieve their budget because they fail to account for the full cost of running programs. It is important to budget programs for both direct and indirect costs.
  - Your IRS Form 990 is your federal tax form. A nonprofit is required to communicate every year with the IRS.
- 

### Key tools

- ☐ Balance sheet, reviewed monthly by the board
  - ☐ Income statement (Profit & Loss), reviewed monthly by the board
  - ☐ Cash flow statement
  - ☐ IRS Form 990
- 

### Key jobs

- ◇ The Board President stewards the culture of an organization, ensuring that everyone is engaged in decision-making and critical conversations
- ◇ The Treasurer oversees the systems used to monitor money, ensuring that funding is accounted for as reported to the board and government agencies
- ◇ The Executive Director manages money on a day-to-day basis
- ◇ Board Members ensure the organization's mission is furthered in how money is spent

## Main Street Case for Support

Successful organizations can clearly articulate the qualitative and quantitative difference donor dollars will make. Here's a framework to use in your fundraising.

### Emotional Opening

We are addressing this need in the community:

The need has grown by \_\_\_\_\_ amount, affecting \_\_\_\_\_ more people.

Tell the story of a how someone has benefited from a Main Street initiative:

### Mission and Vision

Our vision for the future is (be bold!):

Our mission is:

### History of the Organization

Our history/success in addressing this need has been:

We are the group to do this because (include unique niche, impact, financial strength, professional programs, etc.):

### Your Programs

The need for our programs has grown by \_\_\_\_\_ amount (must show proof that need exists).

Our current programs are limited by:

### Outcomes and Impact

This project will enable us to reach our goals and work towards our vision by:

Achieving the campaign initiatives will expand our ability to:

Serve \_\_\_\_\_ more people (be specific) every year.

Reach new audiences, such as:

### Financial Needs

Why are we a good investment?

Why do you need to raise the money now?

This initiative, program, or project is well-defined, cost-estimates are secure, it is the right decision for our needs (explain in detail to reassure donors this is the right solution).

The budget leverages resources (name them) and reduced our philanthropic goal by:

Long-term sustainability: business plan and rationale to meet increased program/operations needs.

### Means of Support

What are the different ways to give?

This is a solid plan meeting an urgent community need

Philanthropy will leverage \_\_\_\_\_ dollars to complete this project

Your gift will be impacting \_\_\_\_\_ members every year

### Community Benefit

At the completion of this initiative, program, or project, the community will have \_\_\_\_\_ that they don't have now.

Tell the story of an individual who will benefit.

## Funding Sources

There are several categories of revenue for Main Street organizations to explore. Your organization should use diverse sources of funds to ensure financial stability.

### Funding Sources

- ▶ Public funds from government, taxes, and special districts
- ▶ Fees paid by individuals or companies in exchange for services or benefits
- ▶ Donations, grants, or other philanthropic contributions

## Public Funds

Public funds can be reliable sources of revenue for general operating expenses and special projects. It can be political in nature, as competing interests go after scarce dollars. Key to your success with public funds is building strong relationships, working in partnership, and demonstrating the impact of your work.

- ♦ **City Government:** Generally, there are two funding pots from which you can solicit money from city government: the general fund and dedicated funds allocated for particular projects. City dollars can be applied to downtown management, public improvements, public facilities, technical assistance, and possibly promotions.
- ♦ **Local Transient Lodging Tax:** A Local Transient Lodging Tax (an addition to the State Lodging Tax) is a local self-help mechanism authorized by Oregon State Statute ORS 320:345-350, which allows Local Governments to collect revenues from lodging within their jurisdiction to be used for tourism promotion, tourism related facilities, local services, or to refinance the debt of tourism-related facilities. Your City Staff and the League of Oregon Cities (LOC) can provide you with information on eligibility and procedures.
- ♦ **Economic or Business Improvement District (EID or BID):** An Improvement District is a local self-help funding mechanism authorized by Oregon State Statute ORS 223, which allows municipalities to levy special assessments on businesses and property owners within a defined district. Funds collected can be used to provide management, landscaping, improvements, maintenance, promotion, business recruitment, and parking within the district. Setting up an Economic Improvement District requires effort and time to put together, includes a defined public process, and can be politically sensitive.

## Fees

There is a broad array of fee-based revenue. This is the money you collect when a company or organization receives some benefit from you, such as membership, promotion at an event, or a product. Fee income tends to be unrestricted, so you can allocate it to general operating costs. Key to your success is a well thought out strategy and a clear value proposition of what you are “selling.”

- ♦ **Annual Dues:** Stakeholders, including business and property owners both in and outside the district, contribute annually to your Main Street organization through a Partnership or Investorship program.
- ♦ **Sponsorships:** Companies fund or supply their product to your special events in return for promoting their company.

- ◇ Retail or “in” fees are paid by the primary beneficiaries of a particular promotion or group of promotions.
- ◇ **Product Sales:** Typical items include t-shirts and sweatshirts, posters, specialized game boards, and bricks for streetscape projects.

## Donations

Philanthropic dollars are the biggest source of nonprofit income overall. You can receive these dollars from businesses, foundations, or individuals. Key to your success is a clear case for support and systems to support fund stewardship over time.

- ◇ **Corporate or Business Donations:** Donations as investments in the community.
- ◇ **Fundraising Events:** Regular events make money.
- ◇ **Foundation Grants:** Grants to fund public improvements, public facilities, technical assistance, promotions, and downtown management depending on the purpose, activities, and area of interest of the foundation.
  - Usually involves an application process.
- ◇ **Individual Donors:** Individuals who give because they believe in your mission.
  - Gifts are usually given in response to an “ask.” They can be given for general operating support or a specific project.
- ◇ **volunteers:** Volunteers can support an existing project.
  - Volunteers can provide in-kind services that mean you don’t need to pay someone to do that work.
  - An effective volunteer management program requires staffing.



## Law

Your Main Street organization is nonprofit corporation. Depending on how you are registered, federal, state, and local laws apply. It is vital that you keep your organization compliant with these laws.

### Key questions

- ▶ Is your organization compliant at all levels of government?
- ▶ Are the people in your organization fully engaged in the oversight of the organization and managing any conflicts of interest?
- ▶ Do you use key documents to guide your work?

### What you need to know

- ▶ A nonprofit is incorporated at the state level. Different states have different rules when it comes to registration, annual reporting, and charity determination.
- ▶ While a nonprofit can be exempt from federal taxes by becoming a 501(c)3, it is not exempt from state taxes except where there are stated exemptions.
- ▶ There are laws that govern fundraising practice.
- ▶ A nonprofit is subject to all employment laws. Typical areas of challenge include minimum wage laws, independent contractors, and volunteers.
- ▶ A nonprofit is subject to all laws related to intellectual property.

### Cornerstones

- ▶ Key documents binder
- ▶ Nonprofit law overview
- ▶ Policies

### Key tools

These are some key tools to help you understand the compliance side of running a nonprofit.

- ☐ Articles of Incorporation
- ☐ Bylaws (members)
- ☐ Bylaws (non-members)
- ☐ Whistleblower policy
- ☐ Document retention and destruction policy
- ☐ Conflict of interest policy
- ☐ Executive compensation review policy



### Resources

For more learning about nonprofit law, visit:

- ◊ Nonprofit Association of Oregon (NAO), "Legal, Compliance, & Transparency" resource page. <https://nonprofitoregon.org/pp/legal>
- ◊ "Let's Go Legal" on the Washington Nonprofit Institute site. All of the key tools listed here can be found in the Let's Go Legal key document vault. [wanonprofitinstitute.org/legal](http://wanonprofitinstitute.org/legal)

## Key Document Binder/Online Folder

It is important to keep an up-to-date binder or online folder of governing documents. It gives board members access to these important decision-making tools, and it ensures that you stay legally compliant.

### Key document checklist

Date of Last Document	Record
<b>Core Documents</b>	
	Certificate of Incorporation from the Secretary of State
	Articles of Incorporation, with all amendments
	Current Bylaws
	501(c)(3) determination letter from the IRS
	Application to IRS (Form 1023) for tax-exempt status
<b>Update Annually</b>	
	IRS Form 990, 990EZ or 990-N) (Keep for the 3 most recent tax years)
	Annual report (nonprofit corporation) to the Secretary of State
	Annual renewal (charitable corporation) to the Oregon Department of Justice
	(For a membership organization), list of current members and their addresses.
	Insurance policies
<b>Update Regularly</b>	
	Names, addresses, and terms of office of all members, officers, and directors
	Minutes of all meetings of the members, board, and committees of the board
	List of contributors
	Contracts and/or leases

## Nonprofit Law Overview

There are five main buckets of law that relate to nonprofits:

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### State

A nonprofit is first official at the state level. The Articles of Incorporation are filed to create the corporation and the board adopts Bylaws and sets out its plan to monitor money and keep records. It stays compliant with state corporation law and other state law requirements. These laws vary from state to state.

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### Federal

Some nonprofit organizations want their revenue to be exempt from federal income taxation and want to be able to accept tax-deductible funds from foundations or individuals. This means they need to apply for 501(c)(3) tax-exemption. Tax-exempt organizations must abide by a set of federal tax rules under section 501(c)(3). The 501(c)(3) is for charitable or educational work. Other typical tax-exempt statuses are 501(c)(4) (civic leagues) and 501(c)(6) (business interests).

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### Fundraising

When you accept other people's money for a charitable purpose, you agree to abide by laws that require that you spend such money on the purposes for which it was intended. These state and federal rules tell us how we need to communicate about money received, how we should account for it, and what kinds of fundraising activities we can conduct.

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### Employment

People engaged in the work of an organization help it move its mission forward. They also bring with them a whole set of rules that govern how they should be hired, paid, developed, and treated. There are rules covering both staff and volunteers.

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### Intellectual Property

Nonprofits create and communicate ideas that are intangible. It is vital that organizations protect these ideas and the products that share them, including, but not limited to websites, print materials, and unique research on the issues they are addressing. Likewise, it is important that nonprofits are careful about how they use the ideas of others.

There are many resources on nonprofit law

#### State Agency

#### Oregon

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Office of the Secretary of State

[sos.oregon.gov](https://sos.oregon.gov)

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Office of the Attorney General

[doj.state.or.us](https://doj.state.or.us)

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Labor & Industries

[oregon.gov/BOLI](https://oregon.gov/BOLI)

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Department of Revenue

[oregon.gov/dor](https://oregon.gov/dor)

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## Policies

The primary place where board policies are kept is in the [bylaws](#). This is where you can find information about how board members are elected, how meetings happen, and how to amend the bylaws over time.

In addition, page 6 of the IRS Form 990 lists a few key nonprofit policies. These are considered important for all nonprofits to have up-to-date:

### Whistleblower policy

Whistleblower protection increases transparency and gives management the opportunity to learn early about unethical or unlawful practices directly from their employees rather than from the media, law enforcement, or a regulatory agency.

### Document retention and destruction policy

Every organization collects a lot of paper and policies over time. What do you keep and what do you throw away? A document retention and destruction policy names what staff, volunteers, board members, and outsiders should keep and for how long. It outlines how to maintain and document the storage and destruction of the organization's documents and records.

### Conflict of interest policy

A conflict of interest policy protects an organization's interest when it is considering a transaction or arrangement that might benefit the private interest of one of its officers or directors.

### Executive compensation review policy

The board is responsible for hiring and establishing the compensation (salary and benefits) of the executive director that is "reasonable and not excessive." Typical methods to implement a policy include looking at a salary survey which is available from your State Main Street Program and asking partner agencies (e.g. chamber or economic development organization) for comparable data. You can also use IRS Form 990 data from comparable organizations in your community (<https://candid.org/research-and-verify-nonprofits/990-finder>)

### Executive performance review policy

Another responsibility of the board is to provide staff development support and feedback to the executive director. The process and expectations of this support is laid out in the [Executive Leadership Guide](#), but should also be formalized within policy for transparency.

### Other policies

These are other policies that you might want to consider:

- ♦ Employment policies
- ♦ Equal Employment
- ♦ Anti-harassment
- ♦ Performance review
- ♦ Working schedules
- ♦ Compensation and benefits
- ♦ Disciplinary issues: termination, grievances
- ♦ Personal phone/e-mail/web usage

## Financial policies

- ◇ Investments
- ◇ Reserves
- ◇ Acceptance of gifts
- ◇ Audits
- ◇ Checks (signing/request for)
- ◇ Use of credit cards



## Resources

For sample policies, visit the following websites:

- ◇ "Let's Go Legal" on the Washington Nonprofit Institute. [wanonprofitinstitute.org/legal](http://wanonprofitinstitute.org/legal)
- ◇ The National Council of Nonprofits. <https://www.councilofnonprofits.org/tools-resources/good-governance-policies-nonprofits>
- ◇ Ask Oregon Main Street staff for examples or visit <https://www.oregon.gov/oprd/OH/Pages/OMSNetworkPortal.aspx>.





## Discussion Guide

Boards spend a lot of time doing the work. It is also important to step back and think about the big picture. These discussion questions give you some prompts to consider as a board with staff.

A board member has three duties. Which of these is most important for your board to talk about? Why?



**Duty of Care:** Board members will take reasonable care (that of an ordinarily prudent person) when making a decision on behalf of the organization. They will participate actively and inquire reasonably. ("Good Samaritan rule.")



**Duty of Loyalty:** Board members will give undivided attention to the organization when making decisions affecting the organization. The board member will work in the best interests of the organization and not for personal gain. (Manage conflicts of interest.)



**Duty of Obedience:** Board members will be faithful to the organization's mission and governing documents, stewarding funds in a way that honors the public's trust in that organization. (Follow the law.)

Having a shared vision for the future is powerful for a board. That includes what the world would look like if your organization fully succeeded in achieving its mission. Spend time defining that. Then map all of the players who would have a role in shaping this world—think across sectors, including community leaders, elected officials, non-profit leaders, private sector leaders, etc.

**What other organizations are working in the same cause as yours? Are they doing similar or different work? How could you partner? Is there a gap that no one is addressing?**

The board president plays a really important role. (They are the primary voice for your organization in the community, as well as a key link between the staff and board. Review the role of the board president.

**What is their role in your organization? Is that role conducive to moving the organization forward? How can you create a pathway of leadership to bring new people into leadership and support them as they grow?**

Staff turnover is a challenge in the nonprofit sector. It results from limited resources, too much work, and dispersed power across a community of people. A board can have an impact on these issues by having clear systems in place to support an executive director, being focused and efficient in its meetings, and building budgets that reflect the true nature of the work.

**As a board, what are you doing in addressing issues of burnout? What proactive steps are you talking to address staff turnover?**

Storytelling is a great way to share the impact of your work. You can tell a story of impact, a story of gratitude, or a story that explains why you are involved.

**What story can you tell that relates to your organization? What stories have you heard from others? How can you document these stories to help build community?**

## Companion Guides

This [Board Leadership](#) guide is written for Main Street organization board members and the staff with whom they work. It explores the basics of board governance, financial management, nonprofit law, and each section reviews what board members need to know as well as tools to help strengthen board leadership.

### Other guides available:

#### Executive Leadership

This guide is written for Main Street executive leaders and staff. It is also a resource for board members to understand a nonprofit executive director's role and their relationship to boards.

#### About Main Street

This guide is written for anyone wanting to know more about the Main Street Approach™ and how Main Street organizations serve their communities. It explores why downtown matters, what a Main Street organization is and who benefits from it, and how to be a successful Main Street organization.

#### Starting a Main Street

This guide is written for people new to Main Street and considering starting a Main Street organization in their own community. It explores why your community might use the Main Street Approach™, how to tap into state and national resources, start a Main Street organization, and become a nonprofit.

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