One Foot Forward
A GIPA Training Toolkit

*Designed by and
for People Living
with HIV/AIDS*

CANADIAN
AIDS
SOCIETY

SOCIÉTÉ
CANADIENNE
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One Foot Forward

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BOARDS AND GOVERNANCE

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MODULE 4 — BOARDS AND GOVERNANCE

BOARDS AND GOVERNANCE

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In this module, we will look at boards and governance. There are different types of boards and many ways to be involved in board work, if that's where your interest lies.

A board of directors, whether a governance or an operational board, is responsible for ensuring the effective management of the agency and of the Society's business.

> "Democracy does not guarantee equality of conditions – it only guarantees equality of opportunity."
>
> *– Irving Kristol*

GIPA AND BOARDS

For any agency following GIPA principles (the Greater Involvement of People Living with HIV/AIDS), a certain number of seats on a board should be designated for PLWHIV/ AIDS. For organizations that haven't done so, it may be appropriate to question why that is. Each agency may have a differing number of "positive" seats based on the size of the agency, whether the agency is rural or urban.

The Canadian AIDS Society has designated six of thirteen seats on the board for PLWHIV/AIDS, always ensuring that they comprise almost half of the board.

Consumer groups, operated by and for PLWHIV/AIDS, may have 100% of their seats for PLWHIV/AIDS, but they may also have a few seats for "advisors," people who provide useful expertise, but who may not be living with HIV.

Having PLWHIV/AIDS on a board of directors is useful for several reasons:
1. They are often more connected to the clients/members of an agency.
2. They experience living with HIV first-hand, with all the treatments, tests, illnesses and so on, and can speak to the reality of HIV.
3. They are a valuable voice when planning programs and services and in discussions with funders.

WHAT IS GOVERNANCE?

The Canadian International Development Agency (CIDA) defines governance as that which:

"encompasses the values, rules, institutions, and processes through which people and organizations attempt to work towards common objectives, make decisions, generate authority and legitimacy, and exercise power...."

Governance looks at the policies, practices and processes that provide the most benefit to the people being served.

For a non-profit Society, governance defines the vision, values and common rules for the agency, rather than dealing with the day-to-day operations.

Increasingly, governments are requiring a governance model in managing non-profits. This does not mean that a board cannot be operational, but the governance aspects of their work must be clearly defined to ensure sound management.

Stewardship

Stewardship is another form of governance. A steward cares for the well-being of the agency and its clients and members. Often, a governance model can be top down; stewardship turns that model upside down. In a stewardship model, the board supports the Executive Director, who in turn supports the staff, who then supports the volunteers and clients.

In a supportive relationship, the goal is to best serve the clients. All decisions of the board are based on realizing that objective.

TYPES OF BOARDS

Governance Boards

A governance board provides leadership to an agency by developing a vision, plan and overarching policies and principles.

A governance board usually communicates only to the Executive Director, who in turn relays information from the board to the staff.

The board of directors is the employer of the Executive Director and does not get involved in daily activities of a Society.

Operational/Working Boards

Operational or working boards, for the most part, use a hands-on approach. The board structure is the same as other boards, but the board members are involved in the daily activities of the agency. An operational board is the employer of the Executive Director, but for operational boards, members must be able to distance their board role from their role as a volunteer with the Society. This means that when a board member is working with a staff person, the staff person could be the one who is in charge and supervising the work.

Operational boards can be very useful for peer agencies and smaller organizations because they lend a visioning aspect, as well as help to get the work done.

Consumer Boards

These boards are made up of people directly affected by the issue (i.e., HIV). Consumer boards can follow a governance model or be operational.

The positive side of consumer boards is that they actively draw on the people affected. The negative side is that they can be highly emotionally attached to the issue and find it difficult to see a broader picture.

Sometimes, consumer boards will have a limited number of seats for non-affected people who have some distance from the issue and can be somewhat more objective. Usually those people sit in an advisory capacity and often have no vote at meetings.

Other Forms of Governance

Some boards may use culturally specific forms of governance. First Nations groups may reject a hierarchical structure, preferring a collective response and including elders more fully in the process.

Other ways that groups can practice good governance are by including clients or members in the development of policies, procedures and planning, and by adopting a community development model, in which partner agencies also participate in the planning of the agency.

GENERAL POSITIONS ON BOARDS

All boards must follow a structure as set out in a Societies Act. The five roles that must be filled are:

- Chairperson (or President);
- Vice-Chairperson (or Vice-President);
- Secretary;
- Treasurer; and
- Members-at-Large.

The position of Secretary and Treasurer can be combined into one, the Secretary/Treasurer.

All boards can have no less than the three/four executive seats. All other seats might have titles for the position, or may be called "members-at-large", or board member-at-large.

The main positions have specific duties attached to them. These are discussed below. Members-at-Large do not generally have specific duties, but may be given authority over different committees or areas of work.

Chairperson/President

The Chairperson is usually the person responsible for leading board meetings and the Annual General Meeting (AGM). They also set the agenda, guide the meeting, provide direct supervision of the Executive Director and keep informed about staff issues, current politics and financial resources. The Chairperson does not vote at board meetings unless a vote is tied.

The Chairperson is often one of the main spokespeople for the Society and usually has signing authority for cheques.

Vice-Chairperson/Vice-President

The Vice-Chairperson is usually the person who leads board meetings when the Chairperson is unavailable. The Vice-Chairperson must also stay informed about the issues facing the Society, politics and finances.

When necessary, the Vice-Chairperson is the "stand-in" for the Chairperson.

Secretary

The main role of the Secretary is to record minutes of all board meetings or to ensure they are recorded. The secretary updates the other board members on matters concerning the board, reviews the Society's by-laws, ensures the notice and other documents for the AGM are sent and keeps records of board interactions. Secretaries sometimes, but not always, have signing authority.

Treasurer

The Treasurer keeps track of the finances of the Society. They are responsible for updating the board on the financial status of the Society, reporting on the finances at the AGM and preparing – often with the help of an accountant – the annual budget for the Society. Since they are also accountable for money being spent, treasurers usually have signing authority. Ultimately, however, ALL board members are responsible for the finances of the Society.

The Secretary/Treasurer position is simply a combination of the two positions above.

Members-at-Large

A Member-at-Large does not have specific duties on a board and is not a member of the executive committee. Nonetheless, Members-at-Large are equally responsible for ensuring the sound management of the Society and its business. Members-at-Large participate on committees, in debate and discussion, and in the visioning and guidance of the Society.

Ex Officio

The Executive Director, and sometimes advisors, are called "ex officio" meaning "without office". The individuals in these positions on a board provide information and clarification, but do not vote.

COMMUNITY VOICE

The board is the volunteer community voice of the Society and the names and contact information of the members of a board of directors are public information. If you want to contact a board member, you are entitled to that information.

WHO CAN ATTEND A BOARD MEETING?

Any member of the Society has the right to attend a board meeting, but members attending meetings do not have the right to speak or vote.

If you want to attend a board meeting, ask when and where it will be held and if you may attend.

If you want to address the board on a particular issue, you may have to put that request in writing well before the meeting so your item will be put on the agenda. Always be clear about what you want to say.

QUORUM

Each board and committee sets "quorum," a minimum number of people who need to be in attendance at a meeting for it to be legal. Legal in this sense means that the group can make decisions and vote.

Quorum can be as few as three people, or as many as the board decides.

If a board or committee does not have quorum, the group can still discuss items on an agenda, but they cannot vote on items or accept financial statements. The number for quorum is enshrined in the by-laws of each Society.

There is also a specified number of directors that comprise the board as a whole. When a board falls below that number, the board is no longer legal. Then, it must appoint members to fill the vacant seats or it may dissolve.

BOARD MEETING STRUCTURES

Most board meetings will follow a typical structure:
1. Call to order
2. Approval of the agenda
3. Approval of minutes
4. Approval of financial statement
5. Reports from committees/staff
6. Other business
7. Date of next meeting
8. Adjournment

Call to order: The Chairperson calls the meeting to order or starts it.

Approval of the agenda: Members can add or remove items on the agenda, as well as change the order of the items. Approving the agenda requires a motion by a "mover," a second by a "seconder" and a vote. Some organizations leave "other business" open to include additional items.

Approval of minutes: Members can make changes (amendments), such as correcting errors or adding information that was left out, in the case of omissions. Approving the minutes requires a motion, a second and a vote.

Approval or acceptance of the financial statements: Members review the Society's finances and can ask for clarification about revenue (income) and expenditures (expenses). Approval of the financial statements requires a motion, often put forward by the Treasurer, a second and a vote.

Reports from committees/staff: Committees provide updates on the work they've been doing. Usually the Executive Director, or another key staff person, will provide updates on staff issues or other concerns in the daily operation of the Society. These reports do not require motions or votes.

Other Business: This is where additional agenda items can be presented or discussed. Some items may be for information only, but some may require action. Items requiring action would require a motion, a second and a vote.

Date of next meeting: At this point of the meeting, the place, date and time of the next board meeting are set.

Adjournment: Adjournment is the end of the meeting. There only needs to be a motion to adjourn: no vote is required.

MOVE, SECOND, VOTE

Motions: A motion is putting an idea forward for a vote.
"Moved that we approve the amended minutes from the last meeting."

Seconding: A "seconder" is a person who agrees with the motion. Usually they just say, "Second."

Vote: A vote is often taken by a show of hands. Typically, if 50% plus one person vote in favour of the motion, it is passed. If not, the motion fails.

If a motion has no second, it does not move to a vote. In rare cases, a motion can move forward to a vote without a second.

Abstaining: People may choose not to vote on a motion because they believe they are in conflict, they disagree with the intent of the motion, or they were not present in previous discussions about the motion. This is called abstaining. When a board member abstains, it should be noted in the minutes. Usually only a number is assigned to record the abstention (e.g., "1 abstention"), but a director, if they so choose, can ask that the abstainer's name be recorded.

CONSENSUS

While many organizations use voting, some groups choose to use a consensus model. Consensus does not replace the by-laws or any other policies of the agency. It is a process in which all the people around the table must agree on what to do before the issue can be moved forward.

Consensus does NOT mean a person can simply say, "No," if they aren't happy or are in disagreement with an issue. Building consensus means each person must provide an alternative solution, one that all members can live with, even though there may not be complete agreement.

Consensus models are challenging, but they also allow for the greatest participation. Coming to a common understanding and finding the best solution for everyone is hard work. It requires give and take and a lot of imaginative thinking to examine one issue in many different ways and then develop potential solutions that work for everybody.

By using a consensus model, the group has the opportunity for more dialogue on issues. Increasing the amount of dialogue between members will mean that the process takes more time, however, it gives the whole group the chance to fully explore the issues at hand.

In the end, if consensus cannot be reached and the issue remains unresolved, it is tabled (put off) until the other business of the meeting is finished or until the next meeting.

IN CAMERA

"In camera" means "in chambers." Often a session will go in camera when a board of directors needs to talk about something that is very sensitive. The three main reasons a board will go in camera are to chastise another board member, to discuss the salary of the Executive Director or to discuss a sensitive staff issue.

When a board goes in camera, all those people in the room who are not board members or ex officio, are asked to leave. Sometimes, the Executive Director may be asked to leave as well.

There must be a motion, a second and a vote to enter an in camera discussion and then to end the discussion. No notes are taken during discussion of the issue. Only the outcome or decision of the board is noted.

 "In camera" discussions are a special tool for a very particular set of issues and should not be used on a regular basis. The board should always uphold the principles of openness and transparency.

COMMITTEES

Many boards have committees focussed on particular areas of work for the Society. Some common committees are:

- Executive Committee (all the Executive: the Chair, Vice-Chair, Secretary and Treasurer);
- Finance/Fundraising;
- Advocacy/Lobbying; and
- Client/Member Services.

Each agency will have committees related to the work they do. Board member involvement in committees ensures the guiding voice of the board is at the table and participating.

Being involved in a committee, even before you may want to be on a board, can give you insight into how the board functions and the different types of work the agency is doing.

Committee meetings often follow a structure similar to the board meeting. The focus of the committee, however, is to accomplish specific work, for example, a fundraising committee develops fundraising plans.

Types of Committees

Internal committees are created by a Society to conduct its work. External committees are those that are formed between partner agencies to do joint work.

The following are some basic committees and their roles:

Standing: These are ongoing committees to manage continuing concerns, such as finances. Standing committees are created to develop processes to ensure that the business of the agency runs smoothly.

Ad hoc: "Ad hoc" is a Latin word and means "to this." These are committees that are formed (struck) to do a specific task. One example is a Holiday Party Committee that only operates for a month or two and is ended after the party.

Advisory: Advisory committees are usually struck to provide guidance on a particular issue or work assignment.

Ask what committees are active in your agency. Descriptions are usually available for you to review so you can determine if the work would be of interest.

Terms of Reference

Most committees have "terms of reference." These help the committee members understand their role, the committee's work, to whom the committee is accountable and the decision-making process.

"Meetings are indispensable when you don't want to do anything."
– *John Kenneth Galbraith*

ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) of a Society is a meeting of its members. Members of a Society fall into two main categories:

- regular members; and
- associate members.

Regular members have a voice and vote at the AGM. While associate members often have the right to speak at the AGM as well, they do not have the right to vote.

Both regular and associate members may have to pay a membership fee, but the Society has the right to waive membership fees for both types of members, if they choose.

At an AGM, the agenda is usually sent no later than one month before the meeting and absolutely no later than two weeks before the meeting. Some agencies may send notices out well before that.

The notice for the meeting should include:

- the date, time and place of the AGM;
- the agenda for the meeting;
- the minutes from the last AGM; and
- any by-law amendments.

Optional documents may include:

- the financial statements for the past year;
- the budget for the next year ; and
- reports from the Chair and Executive Director.

The agenda for many AGMs is similar to that of a standard board meeting.

1. Approval of the agenda
2. Approval of the minutes from the previous AGM
3. Approval of financial statements
4. Appointment of the Auditor (if required)
5. Report from the board on the year's activities
6. Report from the Executive Director on staff activities
7. By-law amendments (if any)
8. Election of new board members
9. Emerging issues (other business)
10. Next AGM date (usually given to the board)
11. Adjournment

An auditor is a person or company hired to review the finances of the Society and provide a report on all income and expenses of the Society. Not all agencies require an audit.

Audits can be very expensive and smaller agencies may be asked to provide only a financial review.

A forensic audit looks specifically for any misspending of money and any financial inaccuracies. Forensic audits are only performed when requested by the membership or by an authority, such as a health authority or government.

By-law Amendments

The by-laws of a Society are the rules by which the Society acts. All Societies have by-laws. Sometimes, a Society needs to make a change (an amendment) to a by-law or to add or remove a by-law. These changes must be voted upon by the members of the Society at the AGM.

Voting on a by-law amendment must have a clear majority (2/3 or 75%) in favour in order to pass.

By-laws should be very clear about voting, quorum for the AGM and the number of directors on the board. By-laws can be reviewed on a regular basis to make sure they are current and work for the benefit of the Society and its members.

Resolutions

Not all Societies adopt resolutions, but if they do, the resolution should be within the mandate and mission of the Society and should present a task the Society should reasonably be able to accomplish.

Example: "Be it resolved that the AIDS Society of ABC should develop a cure for HIV in the next year" is NOT a reasonable request from the members.

A better example might be: "Be it resolved that the AIDS Society of ABC adopt GIPA principles within all programs and services over the next year." This is a measurable task that falls within a mandate and mission. Plus, it can most likely be accomplished in the time allotted.

A resolution requires a vote of 50% plus one in favour in order to pass.

Special or Extraordinary General Meetings

Special or extraordinary general meetings can be called by either the board or the membership. These meetings are called for very specific actions or work. As with all general meetings, the Society must notify the membership at least two weeks in advance and present, before the meeting, the business to be conducted.

CONSTITUTION AND BY-LAWS

The constitution of a Society outlines the mission, mandate and general purposes of the Society. Standard versions of constitutions and by-laws are available through most provincial governments and the federal government. These templates allow an agency to assign the particular issues and populations it will serve.

Some aspects of constitutions and by-laws are unalterable. That means the government has decided certain rules must always apply to how the Society operates. Those rules can never be changed.

By-laws are general rules outlining how the board of the Society conducts its business. Because they are the basis for the Society's work, by-laws will have an effect on the daily activities of the organization.

By-laws deal with:

Board structure: They can assign quorum (minimum/maximum number of directors necessary to hold a meeting), officers, duties of officers, length of terms and voting rules.

Annual General Meetings: They outline practices to send notices and proceedings of the meeting.

Auditor: They set out rules for appointing an auditor.

Finances: They establish guidelines for borrowing money and book keeping.

The Seal of the Society: The seal is a stamp used on official documents. Although it is usually assigned to the Secretary, it is often stored safely in the Society's office.

Other by-laws deal with grievances and complaints procedures, removal of members, reimbursement of directors' expenses and the appointment of board members to fill vacancies.

Each Society develops by-laws related specifically to its work. Every member of a Society should be given a copy of the constitution and by-laws when they join.

The constitution and by-laws are public documents. You can ask for a copy from your agency.

ACCOUNTABILITY

The board is accountable to the membership of the Society and to the community as a whole. It is responsible for:

- ensuring the ethical operation of the Society;
- developing a vision for the Society's direction;
- ensuring the by-laws and constitution are followed;
- ensuring the finances are in order; and
- hiring and firing the Executive Director (and possibly other staff, depending on the type of board).

At any time, a board should make itself available to its members. The members put the board in place and it is to them that the board is directly accountable.

The board is also accountable to the clients/members of the agency who are living with HIV and who will ultimately benefit from the prevention and support services and programs being developed.

ASSESSING THE BOARD

Many boards have mission statements, vision or values statements and guiding principles. You can ask if any of these statements is available in order to help you begin to assess where your board stands on particular issues.

Boards develop "statements" to communicate clearly the way they intend the Society to operate.

A vision statement outlines broadly the focus of the Society and the aim of the work.

Example: The vision for AIDS ABC is to be a leader in providing peer support in our region.

A values statement expresses the core values of the Society – the values and qualities that guide its work and the values it promotes.

Example: AIDS ABC values respect, honesty, transparency and openness in all its work.

A mission statement communicates the basic work of the Society.

Example: The mission of AIDS ABC is to provide peer support, prevention education and practical assistance to PLWHIV/AIDS and people affected by HIV/AIDS.

Guiding principles are slightly different from values. While they incorporate values, they are more focused.

> "A great democracy must be progressive or it will soon cease to be a great democracy."
>
> – *Theodore Roosevelt*

Example: "...we incorporate openness in how we work together and how we communicate with each other..."

Position Statements

A position statement is a document that communicates clearly an organization's stand on a particular issue. Not all Societies develop position statements. You can ask if your agency has developed any position statements.

Reviewing each of the aforementioned types of statements for your agency and comparing them against the way the board functions can help determine how congruent your board is. If it states that it values openness, but does not want members at board meetings, there's a problem.

The best way to get to know the board is to attend meetings. Board meetings are where the board of directors conducts the business of the Society, evaluating progress, ensuring work is on track and finances maintained.

Observing a board meeting will give you the opportunity to decide if governance work is for you and if you could work with the other board members.

ETHICS AND BOARDS

Ethics is a system of beliefs and behaviours that essentially creates an environment which produces the best outcomes for the most people.

Ethical behaviour is honest, open, truthful, well-intentioned and helpful. An ethical person does work that serves the community well. They do not engage in any activity that harms another person or group of people.

Ethical boards create policies that limit the ability of another board member or staff person to take advantage of the Society. Boards that behave ethically ensure that the work of the Society serves the clients and members in the most positive way, that the finances of the Society are sound, and that the Society respects the needs and interests of the membership and the community as a whole.

OPENNESS AND TRANSPARENCY

Boards should always strive for openness and transparency. Transparency means that the board and the membership always have the information they require to clearly understand the workings of the Society.

Transparent communication includes regular updating from the board, posting board minutes and making them available, extending an open invitation to members to attend board meetings, and including the membership in activities of the board whenever possible.

BEST PRACTICE AND CAPACITY

Best practice refers to following the most common operational standards. The lessons we learn from other agencies can inform the work we do.

By following best practices, a board benefits from others' learning and becomes more effective and efficient, as long as those structures and formats work for the group.

You can explore best practices in many ways, such as by studying how other boards function and by researching, online or in the library, board structures and practices.

The key is to ensure that the structures work for the group and not the other way around.

Capacity is about ability, which is sometimes related to size. A small group will not have the same capacity as a large group: a board of ten can get more done than a board of five.

The capacity of your board is determined by the skill sets of the people on the board and by the ways they apply those skills. Capacity is also affected by how many people on the board are new to board work. New board members may need to learn a great deal about the role of the board and the responsibilities of individual members.

In some cases, an advisory committee can assist in developing the skills of board members. In other cases, board development courses can help board members become more comfortable and capable in their work.

Capacity building ensures that the board is fully able to carry out its duties with confidence.

CONFLICT OF INTEREST

Ethical behaviour also means avoiding conflict of interest, which is when a board member is in a position to gain, either financially, professionally or otherwise, from their involvement in the work or a project of the Society.

> Example: If a board member is the landlord of an apartment building and rents apartments to the Society's clients, they are in conflict, gaining financially as a direct result of being involved in the Society. The conflict exists whether or not the person means well and the board member could be removed or asked to resign.

Conflict of interest also applies to staff. When a staff member stands to gain in another area of their life from their employment in the agency, that person is in a conflict of interest.

> Example: If a program worker also makes jewellery as a hobby and offers to sell the jewellery to clients or members, that person is in conflict of interest. They gain financially from their direct connection to clients of the agency.

A perceived conflict of interest exists when an action appears to put a person in conflict.

> Example: If a board member is on an external committee and is offered a gift in appreciation for work performed, someone may see that as a conflict, even though it isn't financial gain.

Another way a person may be in a perceived conflict is by association with a funding body.

> Example: A board member is an employee of a funding organization, for example, the United Way. Even though that person may not be directly involved in the United Way's decision-making, it could be perceived that the person holds some power there, or in convincing the Society to move in a direction the United Way chooses.

When a board member or staff person believes they may be in a conflict of interest, or even in a "perceived" conflict of interest, they should disclose it immediately. Being forthcoming and honest in such a way will enable the board to then decide whether a conflict exists and what to do about it.

Being open about potential conflicts of interest allows the board to maintain transparency and integrity.

BIAS VERSUS CONFLICT

Bias is a different matter. A bias is a prejudice or preference to one thing over another. We all have biases: we prefer different methods of work or we lean politically to the left or right.

The honest thing to do is admit our biases and be open about them. In that way, we are clear of conscience and the other board members know where we stand.

Bias can get in the way when it leads to arguments and the inability to find common ground and overcome differences of opinion.

UNDERSTANDING FINANCES

The finances of a Society involve revenue and expenses, money coming in and money going out.

Having a mind for math helps to understand finances, but we will also outline some basic elements to assist you in grasping how finances work and how to read a spreadsheet.

> "Do not worry about your difficulties in mathematics; I assure you that mine are greater."
>
> *– Albert Einstein*

A Society generally prepares monthly financial statements and quarterly reports. At the end of each fiscal year (usually March 31), the Society will send all the reports and bank statements to the auditor or bookkeeper for review.

Revenue of a Society includes all the grants, donations and income from fundraising activities.

Expenses of a Society include all the salaries and wages, rent, utilities, office supplies, dues and fees paid.

Budgets

A budget is a document outlining planned spending. It represents a best guess at how much money it will take to cover a certain expense (e.g., $600 for paper for the year). Budgets are usually divided between months (e.g. $600/12 = $50 per month).

Salaries, wages and benefits for staff generally take up the majority of a budget, since paying people for their work is essential. Spending up to 70% of a budget on salaries and benefits is not unusual.

You'll hear groups talk about the "fiscal year" and "quarters." The "fiscal year" refers to the tax year for the Society. Most Societies operate on the same fiscal year as the government which is April 1 – March 31.

"Quarters" refer to three-month periods. The quarterly report covers the total finances during that period (e.g., April – June is the 1st quarter and July – September is the 2nd quarter).

Line Items

A line item represents a line on a spreadsheet for a particular expense or category of expense, such as office supplies. Every expense of the Society should be included in a line item on the spreadsheet, but sometimes things are grouped together.

For example, it would be too complicated to have separate lines for paper, pens, paper clips and printer ink, so they're grouped under "office supplies".

Spreadsheets

A spreadsheet is a document that lists revenue and expenses, as well as the following three separate items:

Budget: The amount of money planned to be spent.
Actual: The amount of money that was actually spent.
Variance: The difference (plus or minus) between the budgeted and actual expenses.

Example (positive variance)

Item	Budget	Actual	Variance
Office supplies	$50.00	$35.00	$15.00

The budget projected spending $50.00 on office supplies, but $35.00 was actually spent. The variance is a savings of $15.00

Example (negative variance)

Item	Budget	Actual	Variance
Office supplies	$50.00	$70.00	($20.00)

The budget projected spending $50.00 on office supplies, but more was spent than expected. The variance is a loss of $20.00. Losses are sometimes noted with a minus (-) or are put in brackets.

If you can keep positive and negative variances in mind, you have the basics for reading a spreadsheet.

Of course, there are many items listed on the financial statement. Following is an example of a possible spreadsheet. Remember that every Society may arrange their statements in a slightly different way, with different line items, depending on the work they do.

If you aren't sure about items or numbers on a spreadsheet, don't be afraid to ask. Sometimes even bookkeepers need to ask questions!

Sample Spreadsheet

Here we are using a table to show finances. Most agencies use a computer program called Excel to create spreadsheets.

Whatever format is used, the spreadsheet shows the budget, actual revenue and expenses, and the variance (difference) between the actuals and budgeted revenue and expenses for the society.

AIDS ABC Financial Statement April (fiscal year month 1)

Revenue	Budget	Actual	Variance		Year to date
Grants and contributions	$25,000.00	$25,000.00	$0.00		$25,000.00
Donations	$500.00	$100.00	($400.00)		$100.00
Fundraisers	$1,000.00	$1,200.00	$200.00		$1,200.00
Total revenue	**$26,500.00**	**$26,300.00**	**($200.00)**		**$26,300.00**
Expenses	**Budget**	**Actual**	**Variance**		**Year to date**
Wages	$10,000.00	$10,000.00	$0.00		$10,000.00
Rent	$1,000.00	$1,000.00	$0.00		$1,000.00
Utilities	$100.00	$150.00	($50.00)		$150.00
Office supplies	$60.00	$60.00	$0.00		$60.00
Miscellaneous	$50.00	$25.00	$25.00		$25.00
Total expenses	**$11,210.00**	**$11,235.00**	**($25.00)**		**$11,235.00**
Revenue less expenses	**$15,290.00**	**$15,065.00**	**($225.00)**		**$15,065.00**

In the example above, AIDS ABC budgeted for $25,000.00 ($25K – K = $1000.00) from the Health Authority and the cheque arrived as scheduled. The budget was for $25K and the actual amount was $25K so the variance is $0.00.

Donations were $400.00 less than expected, so the variance is ($400.00) – a negative number.

The year-to-date figures are the actual costs, whether they are positive or negative. Many spreadsheets will also show budget and variance totals as well.

You can apply the same concept to the expenses of the Society. The equation looks like this:

Budget ($10K)

–

Actual ($10K)

=

Variance ($0.00)

The "revenue less expenses" line shows the total money going out subtracted from the total money coming in. ABC budgeted revenue at $26,500.00 and they budgeted expenses at $11,210.00. That leaves ABC with $15,290.00 in the bank.

The actual and the variance for the "revenue less expenses" line are calculated in the same way.

A Board Member Checklist

If you are interested in board work, here is a checklist of things to keep in mind in doing governance work:

- Know the organization's mandate, mission, vision, objectives, operations and its bylaws;
- Always act objectively and in the best interest of the organization, its members and clients;
- Prepare for all board meetings and all committee meetings you are part of by reviewing all agenda material, including reports;
- Attend and participate in all meetings for the board(s) and committee(s) you belong to;
- Keep careful notes at meetings and review the minutes of all meetings;
- Insist upon the establishment and regular review of operating policies and make sure that they are being followed;
- Obtain outside advice whenever necessary;
- Record or ensure the recording of directors' disclosure, dissent or abstentions from voting;
- Do not breach the confidentiality of board discussions;
- Ensure there are effective internal systems in all areas of organizational activity, particularly accounting;
- Avoid possible conflict situations; and
- Maintain a proper record-keeping system for yourself and make sure the board is keeping accurate records as well.

I, BOARD MEMBER

In the end, the board of directors of any Society is there to serve its members, clients and community, not its own interests.

If you are interested in becoming involved on your board of directors, you will also be there to serve the members, clients and community.

> All right everyone, line up alphabetically according to your height."
>
> – Casey Stengel
> (Charles Dillon Stengel)

As a person living with HIV, you can bring your own experiences and the stories of your peers to the board table, which is very valuable information. You need to know the difference between "me" and "us": your personal issues aren't why you're on the board. Instead of trying to resolve your personal issues, try to determine what about your issues or experience is common to others and how those issues may hint at a broader, relevant political issue that needs to be addressed.

Learning all the different aspects of being on a board can present a steep learning curve – but remember – every board member started where you are right now.

The work can be challenging and very rewarding.

TERMS IN THIS MODULE

Act: In this module, "Act" refers to the government's formal documents regarding a "Society." Governments have many different kinds of "Acts" that guide and determine a process for all activities.

Client: A client is a person who accesses the services and programs of an agency. Some groups, especially consumer groups, use the term "member" to describe a person who accesses services.

Consumer: A consumer is a person who uses a service or program. In this module, "consumer" means a person with HIV or another person who uses a service. Consumer groups are groups that are run by and for people affected by an issue, such as HIV.

Member: Member can refer to either a regular member of a Society or to a board member. The two are different. A board member can both attend and vote at board meetings, while a regular member can only attend board meetings. The regular member can, however, both attend and vote at the Annual General Meeting. A regular member can also participate on committees and vote, as the committee allows.

Resolution: A resolution is a decision that guides the activity of the Society.

Society: In other modules, we used the term "agency" and "organization." These are common terms for "Society." A Society (capital "s") is a registered non-profit organization. Many Societies are also registered charitable organizations, but not all are. In this module, we use the term "Society" because it is an official title that refers to the work of a board of directors.

Spreadsheet: A document that organizes data in rows and columns of cells. Each cell may contain words, a number, or a formula. Often, calculations can be made with the numbers in other cells. It is often used to present a society's financial statements.

SELF ASSESSMENT

After completing this module, I learned:

_____

_____

_____

I still need more information about:

_____

_____

_____

My strongest/weakest areas right now are:

_____

_____

_____

I will keep myself up to date by:

_____

_____

_____

I will use what I learned in the following ways, in my personal and work life:

_____

_____

_____

I can pass this knowledge on to others by:

_____

_____

_____

My next steps will be:

_____

_____

_____

I can complete my next steps by: _____

Rate the statements below by circling the number that you think fits.

	Very confident				Need to work on this
I spent enough time on this module.	1	2	3	4	5
I'm using my energy wisely.	1	2	3	4	5
I know where to find more information.	1	2	3	4	5
I can find a person to help me out.	1	2	3	4	5
I know how to apply what I learned.	1	2	3	4	5
I feel more confident than before	1	2	3	4	5