



# Board of Directors Prospectus

2020-2021

*Achieve with us.*<sup>® 1</sup>

Greetings,

On behalf of The Arc of the Capital Area's (The Arc) Board Governance Committee I thank you for your interest and commitment to the board member selection process. This work is essential to the future success of The Arc. The Board Development Committee is responsible for

- establishing annual nominating priorities
- conducting outreach to identify potential candidates to apply
- screening and evaluating applicants
- recommending candidates for election

As part of the outreach process the Board Governance Committee has created this Prospectus about service on The Arc's Board. This prospectus outlines the nominating priorities that have been established for 2020-2021. It also includes an overview of The Arc's purpose and tenets, as expressed through our mission, core values and vision statement. Over years The Arc has successfully diversified its governance structure to reflect the age, gender and ability level of those it serves. We hope that review of this prospectus gives you a good understanding about what is involved in serving on The Arc's board and a good idea of whether you or someone you know might satisfy the nominating priorities.

During this nominating cycle the Board Governance Committee will be accepting self- nominations and nominations of someone other than yourself for board member positions. If you know someone, personally or professionally, who has the personal characteristics and relationships in the areas identified in the 2020-2021 nominating priorities, we encourage you to nominate them. Accepting both self-nominations and nominations of others will allow us to collect a large, diverse pool of candidates for board member positions.

Please take the time to review this document and let us know if you have questions. The Board Governance Committee will review applications on a rolling basis. We have limited seats available so we encourage you to submit your application as soon as possible. Again, thank you for your commitment to The Arc.

Sincerely,

A handwritten signature in black ink that reads "Kara Swinney". The signature is written in a cursive, flowing style.

Kara Swinney  
President, Board of Directors



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## About The Arc of the Capital Area

The Arc of the Capital Area is one of the oldest continuously-operating non-profits in Austin. Since 1949 we empowered children and adults with intellectual and developmental disabilities. We serve over 1,000 individuals each year across 17 counties. Intellectual and developmental disabilities or I/DD is an umbrella term that includes more than 100 different diagnoses, including Down syndrome, cerebral palsy and Autism.

We provide services in:

- Education
- Employment
- Independent living
- Educational advocacy and transition services
- Dog therapy

Texas has the second largest number of individuals with disabilities of all the states yet ranks 49<sup>th</sup> in the nation for funding services, despite having the 12<sup>th</sup> largest economy in the world. As of June 2019, there were 280,242 people on wait lists for services in Texas with an average wait time of 15 years.

The Arc meets a vital and desperate need TODAY without having to wait until tomorrow. The Arc is actively closing significant service gaps by connecting individuals with I/DD to education, work, recreation and lifelong services so that they can become independent and lead happy and healthy lives.

### The Arc of the Capital Area's Mission States

The Arc of the Capital Area, a nonprofit organization, is committed to empowering Central Texans with intellectual and developmental disabilities and their families through compassionate case management and innovative programs.

### The Arc of the Capital Area's Core Values

- **Respect** - *We treat our team members, participants and partners with mutual respect and sensitivity, recognizing the importance of diversity. We respect all individuals, work collaboratively with others and value their contributions.*
- **Joy** - *We embrace a positive outlook and atmosphere. We seize opportunities to create adventure to achieve fulfillment in all aspects of life.*
- **Integrity** - *We do the right thing, even when no one is looking.*

### Vision for The Arc of the Capital Area

The Arc of the Capital Area will be the community's trusted and comprehensive resource for people with intellectual and developmental disabilities. We connect individuals and families to education, work, recreation, and lifelong services so they achieve lives of joy and dignity.

## Statement of Board Nominating Priorities for 2020-2021

The Board Governance Committee takes into account a variety of factors in selecting candidates to be nominated to the Board of Directors of The Arc of the Capital Area. While other individuals may be considered for nomination, outreach will be conducted to identify candidates and preference will be given in 2020-2021 to candidates that meet one or more of the nominating priorities. We seek to create a diverse board that is reflective of those we serve and helps to fulfill our mission. Board candidates who are not selected will be added to the interest list for possible future consideration.

### **Priority Factors**

The Arc is committed to ensuring we are a diverse, culturally competent organization that can respond effectively to the changing needs of people with intellectual and developmental disabilities (I/DD) and their families across the country. The candidate will have one or more of the following:

- The candidate has the capacity to make a major gift to The Arc and/or has access to other people with similar ability.
- The candidate is a senior-level executive with a Fortune 1000 company or other significant business entity, ideally in the tech sector, that has or would like to have disability employment initiative or an employee resource group or other programs to support employees with disabilities, and/or has access to such individuals.
- The candidate has experience in developing robust earned income models.
- The candidate is a celebrity well-known among members of the general public, nationally, or has access to such individuals.
- The candidate has a large following on social media or a personal or professional relationship with a social media influencer.
- The candidate is the parent or sibling of a child with an intellectual or developmental disability or identifies as a person with a disability.
- The candidate identifies as a person of color.
- The candidate identifies as a member of a religious minority (e.g. Jewish, Muslim, other)
- The candidate who has knowledge, skills, or expertise, as a professional, in one or more of the following subject areas:
  - Health and Human Services Commission
  - Employment
  - Business Development
  - Art Community
  - Higher Education
  - Media/Community Relations
  - Branding/Marketing
  - Human Resources

## Process for Service

### **Qualifications to be a Board Member**

To serve on the Board, an individual must complete the screening process, including a background check.

### **Election Process**

The Arc of the Capital Area's Board Governance Committee is responsible for preparing nominees (e.g. one nominee per vacant position) which is presented for an up or down vote by The Arc of the Capital Area. The vote will be held on a rolling basis at board meetings.

Additional information about qualifications, the election process, and the overall composition of the Board of Directors may be found in the Bylaws of The Arc of the Capital Area which are available on The Arc's website.

### **Onboarding of New Board Members**

The term for new board members begins immediately upon their election, however, the New Board Orientation prior to attending the first board meeting as an elected member.

# Roles and Responsibilities of the Board of Directors

## INTRODUCTION

Welcome as a prospective candidate to the Board of Directors! We appreciate your willingness to serve. Our organization fills an important need in our community, and we believe that you will find serving on the Board a rich and rewarding experience.

As a Director, you and your fellow Board Members are responsible for setting strategic direction, safeguarding financial health, and maintaining the organization's commitment to its mission. This involves ensuring that the non-profit's assets are used appropriately and that it remains accountable to its donors, beneficiaries, and the general public, staying informed of the non-profit's legal obligations, and proposing, approving, and regularly reviewing the organization's policies and guidelines that govern how it is run.

This overview of responsibilities is intended to help you understand your rights and responsibilities as a Director so that you can effectively carry out these duties. We encourage you to review it closely and contact us with any questions about your prospective Board service.

## FIDUCIARY RESPONSIBILITY

As a Director, you have certain legal responsibilities that you must follow. This section is designed to give you a general overview of those obligations and the minimum requirements for Board service.

**A. The Tone at the Top:** The "tone at the top" refers to the ethical climate created in an organization by its leadership, and you are an essential part of this requirement. Through your position on the Board, you can foster an environment whereby the Directors, employees, and volunteers act in a manner that upholds the highest ethical standards while carrying out necessary duties. It is important to create this expectation for the Board and others. If you and your fellow Directors appear unconcerned with maintaining high standards, this attitude will be observed by the employees and volunteers, and it will influence their behavior as well.

The Board should make clear that, in making decisions, it is doing what it believes is in the best interests of our organization to help carry out the mission. It is also the Board's responsibility to ensure that our organization fully complies with all applicable federal, state, and local laws and regulations.

You are expected to comply fully with our code of ethics, which includes a Conflict of Interest Policy. You and the other members of the Board are responsible for ensuring that all others comply with these policies as well. In particular, the Board is

responsible for implementing the Whistleblower Policy and for ensuring that any claims of wrongdoing by a director, officer, employee, or volunteer are investigated fully and fairly, and that there is no retaliation against anyone bringing a claim in good faith.

**B. Duty of Care:** As a Director, you must perform your responsibilities with the same care as an ordinarily prudent businessperson would use in managing his or her own affairs. This means that you should act in good faith, stay informed and active, disclose to other Directors material information that is not already known to them unless you are obligated to keep the information confidential, and exercise independent judgment when making decisions on behalf of the organization.

The Board may delegate certain core Board functions to committees of the Board. Any committee authorized to act on behalf of the Board must be comprised entirely of Board members. The duties that may be delegated to committees of the Board are typically specified in the organization's by-laws. The Board should delegate day-to-day duties to the organization's senior management, subject to the Board's review and oversight. The Board may also appoint advisory committees, which are designed to advise the Board when carrying out its Board functions.

As a Director, you may rely upon:

- Information provided by employees as part of their jobs;
- Professional advice of attorneys, independent public accountants, and other experts in their field; or
- Information provided by a Board committee in the course of its assigned work.

However, you may not delegate your personal responsibilities as a member of the Board to others. At the end of the day, you and your fellow directors bear the responsibility for determining what is best for the organization.

**C. Duty of Loyalty:** As a Director, you must act in the best interests of the organization and not for your personal benefit. To avoid impropriety or the appearance of such, you must disclose to the Board any potential conflict of interest and refrain from participating in any decision of the Board in which you have such a conflict. You cannot take advantage of business opportunities that would be of interest to our organization without first offering it to the organization.

**D. Duty of Obedience:** All Directors must act in a manner consistent with the provisions of the articles of incorporation, by-laws, and tax-exempt status of the organization. You should be familiar with our mission and take it into account with every decision you make for the organization. In addition, you should help the organization comply with all federal, state and local laws as applicable.

**E. Confidentiality:** A Director should not disclose information about the organization's activities unless the Board decides to make the information public, or unless the information is a matter of public record.



**F. Attendance:** As a Director, you should demonstrate a commitment to the organization by regularly attending Board meetings and meetings of the committees to which you have been assigned. This will allow you to stay informed of activities and, in turn, the organization will benefit from the skills you bring to the Board.

**G. Director's Rights:** A Director's legal rights are designed to assist you in carrying out your fiduciary duties as a member of the Board. For example, it is important that you stay informed about the organization's business affairs. Consequently, as a director, you have a right to have reasonable contact with the organization's senior managers to discuss the organization's business affairs. You also have the right to inspect the books and records of the organization and to request additional information from management. At the same time, you should remember that while the Board retains the ultimate responsibility for operations, the senior managers are responsible for the day-to-day management of the organization. Your duty as a director is to ensure that they exercise their management responsibilities in a manner that best serves our organization. It is not in the organization's best interests if the Board attempts to review and approve day-to-day management decisions or substitutes its judgment for that of the senior managers. Therefore, when you request information from management, it is important that you are reasonable in the frequency and scope of your requests. You want to take care that your requests are suited to what you need to perform your job as a Director and not the day-to-day management of the organization.

Another important way to stay informed about the organization's activities is to review the Board and committee minutes. The Board will be provided with the minutes of the meetings in a timely manner. The Board Secretary should prepare the minutes of any Board meeting promptly after the meeting, but at least in time to be approved before the next Board meeting. If, for some reason, you do not receive the minutes of a Board or committee meeting, you have the right to ask for a copy of the minutes.

You will be given advance notice of each meeting so that you can prepare for the meeting and plan to attend. The amount of advance notice for each type of meeting is specified in the by-laws. If you do not receive the proper amount of advance notice, you can still attend the meeting and participate. There may be situations where the fact that you did not receive proper advance notice is detrimental to the organization. In such case, you have the right to object to the fact that you did not receive proper notice of the meeting.

Finally, the organization encourages open and informed debate among the Board directors, which helps ensure the best possible decisions are made. If you disagree with any action the Board proposes to take, you have the right to vote against the action. In addition, you have the right to have the Board Secretary record your objection, by name, in the minutes of the meeting. This is important if you believe that the actions of the Board are not only unwise, but also improper.

**H. Private Inurement and Private Benefit:** The Internal Revenue Code gives tax-free status to charitable organizations because they provide important benefits to the public. However, the Internal Revenue Code also provides that a tax-exempt organization must be operated for the benefit of the public and not for the benefit of “insiders.” This is called the private inurement rule. As a Director, you must ensure that insiders do not receive favorable treatment. Otherwise, our organization risks losing its tax-exempt status.

In addition, as a Director you must make sure that the organization’s activities further the public good. Therefore, you should make sure all of our organization’s business transactions are in its best interests and help it carry out the mission.

**I. Board Compensation:** As a Director, you will not be compensated for your services. Moreover, you cannot claim a deduction for the value of your donated services to the organization.

## FUNDRAISING

**A. Fundraising Strategy:** One of the most important roles of our Board is to define and establish a successful fundraising strategy to sustain the organization’s goals. The role of the Board in raising revenue is unique, and it is one of the critical differences between nonprofit and for-profit businesses. The Board has a responsibility to attract resources to sustain the organization’s programs and fulfill its mission. The Board must select and support senior management, put the budget in place, and oversee and evaluate the organization’s fundraising and financial performance. Even though the Board is ultimately responsible for the organization’s fundraising strategy, such activities will not succeed without a close partnership with management. There has to be a close collaboration between the Board and management, as well as clearly defined goals for management to execute. Therefore, it is key for the Board to specify the responsibilities of both management and the Board in the fundraising effort. Implementing the fundraising plan is a responsibility shared by the Board and not be left only to management.

**B. Fundraising Practices:** The Board should ensure that our organization follows ethical fundraising practices and that its fundraising efforts are cost effective. It is the Board’s responsibility to ensure that the organization’s fundraising programs reflect well on our organization and mission.

**C. Board Participation:** Each member of the Board is expected to show his or her personal financial support for the organization. Directors may contribute to our organization in ways other than financial, such as having an understanding of the community in need or having prior nonprofit experience. Directors also offer specialized skills such as human resources or financial expertise. The organization cannot succeed without those contributions. However, we also cannot expect others to financially support the organization if the Board does not. Your personal

participation is essential to a successful fundraising campaign. The organization's goal is to have 100 percent participation by the Board. In addition, you should help management identify and evaluate prospective donors, including individuals, corporations, and foundations. As a director, you should also assist in cultivating prospective donors by stimulating interest in the organization and its work.

## FINANCIAL OVERSIGHT

Because our organization is fortunate that so many people support us by giving their time and money—often at great sacrifice to themselves—it is important that we exercise good stewardship in managing the donations of our supporters.

The senior management plays a key role in managing the financial affairs of the organization, but the Board has ultimate responsibility for ensuring that its funds are properly utilized. Indeed, because the oversight responsibility involves a review of the financial decisions made by officers, the Board must pursue certain conversations and actions independently of senior management's influence.

Over the past several years, the IRS has increased its financial oversight of nonprofit organizations. Several states also have started extending these governance principles, previously applicable only to public companies, to cover nonprofit organizations. Moreover, grant makers and other donors expect nonprofit organizations to exercise robust financial oversight. Therefore, the Board should establish clear policies and procedures to protect our organization's financial assets and ensure it is following best practices.

The following is a summary of the key financial responsibilities of the Board:

**A. Policies and Procedures:** While it is management's responsibility to oversee the day-to-day accounting and financial management of the organization, the Board is responsible for ensuring that proper financial systems and controls are in place. The Board is also responsible for reviewing practices and reports to ensure that staff members are complying with Board-approved policies.

**B. Budget and Expenses:** The Board is responsible for reviewing and approving our annual budget. The Board should also review financial reports on a regular basis several times a year. However, prudent financial oversight requires that the Board look beyond periodic financial reports to consider how the organization's current financial performance compares with that of previous years and how its financial future appears.

**C. Prudent Investment of Financial Assets:** You will also have the obligation to establish policies and procedures to ensure that the organization manages and invests its funds responsibly and in compliance with the legal requirements. The Board is responsible for establishing policies that govern how the funds will be

invested, ensuring that donor-restricted funds are used in a manner that complies with the donor's restrictions and allocating the returns from investments among the various programs.

## **STRATEGIC PLANNING**

With senior management, the Board takes the lead in mapping out the strategic direction of our organization. The Board takes time to develop a long-term plan for the organization to ensure its future sustainability and growth.

The starting point of any strategic plan is the mission statement. Both the Board and senior management must have a good understanding of the mission and how current activities serve that mission.

Next, the Board must have a good understanding of the interests and concerns of our various stakeholders, what resources exist to meet the needs of the community we intend to serve, and what needs have not been met.

Third, the Board determines whether existing programs are also effective in carrying out the mission. Is the Organization meeting the goals it set out to achieve? Are there more effective ways to achieve the mission? Does the nonprofit have to shift the focus of its mission to meet current or future stakeholder needs?

Finally, the Board evaluates what resources are available that would allow an undertaking of activities the Board has identified to help meet the needs of its stakeholders or expand its services.

Once the Board has evaluated current activities against the mission statement, taken stock of the needs of its stakeholders, and determined what resources are available to assist our organization in carrying out its mission, the Board and senior management are ready to develop a strategic plan. The plan will guide activities and initiatives from year to year. It will help the Board and management evaluate new opportunities as they arise, to see if they are consistent with the direction in which the Board and management want to take the organization.

Once the Board has adopted the strategic plan, senior management is responsible for developing an annual work plan that implements the goals in the strategic plan. The Board will then measure the progress toward the strategic plan's goals on an annual basis.

## **OVERSEEING THE PERFORMANCE AND COMPENSATION OF MANAGEMENT**

The executive director of the organization is hired and supervised by the Board. The Board also has the authority to fire the executive director if he or she is not meeting

the performance standards set by the Board. The Board reviews the performance of the executive director annually. By giving feedback at least annually, the Board assists the executive director in performing to the best of his or her abilities. The Board is also responsible for setting the compensation for the executive director and other members of senior management.

## **RISK MANAGEMENT**

**A. Liability of the Organization:** Our Board protects the assets of the organization, ensuring those assets are available to serve the mission.

**B. Liability as a Director:** As a Director, you may be subject to a lawsuit if someone alleges that you failed to carry out your duties appropriately, or you were guilty of discrimination in connection with someone's employment or the provision of nonprofit services.

## **BOARD EVALUATION**

The final task the Board must undertake is to periodically evaluate its own performance. It is important for the Board to meet annually to discuss how it can improve its performance. The Board should determine what skills the Board may be lacking, and whether it can recruit a new member with those skills. Moreover, each Director must be engaged in the work of the Board. If the Directors are not fully engaged in the Board's work, the Board should discuss what steps it should take to re-engage its members. Without a fully engaged Board, there is a likelihood that the work will fall on a few individuals. This will not only result in many tasks not being done but will also put members of the Board who are most engaged at risk of becoming burned out. If efforts to re-engage a director do not work, the Board should be willing to ask the Director with poor performance to resign from the Board, or to leave the Board at the end of his or her term. While evaluating the performance of individual members can be hard, it is important to remember that the Board's first duty is to serve the best interests of the organization and not those of other members of the Board. Building a strong Board makes the workload more manageable and improves the performance of each member of the Board of Directors.

## **CONCLUSION**

Again, we want to express our appreciation of your interest to serving as a Director of our organization. There are many exciting challenges ahead, and we are grateful that you have expressed a desire and willingness to lead. We serve an important mission, and we believe that you will find serving on the Board, as a volunteer, or on a committee can be a rich and rewarding experience. Thank you!

## FINANCIAL CONTRIBUTION POLICY

Each Director of The Arc of the Capital Area should understand and support the organization's mission, goals, policies, and services. Part of that obligation includes supporting our organization by making an annual personal give or get financial contribution of \$2,500 or more.

## SUBMISSION REQUIREMENTS

To submit a nomination or self-nomination, please fill out the 2020-2021 Nomination Application electronically by clicking <https://www.arcaustin.org/board-of-director-service/>

If you need assistance, please contact Dr. Mary Van Haneghan, CEO at [drmary@arcaustin.org](mailto:drmary@arcaustin.org) or Kara Swinney, Board President at [kaswinney@gmail.com](mailto:kaswinney@gmail.com)

**THE BOARD DEVELOPMENT COMMITTEE WILL  
REVIEW APPLICATIONS ON A ROLLING BASIS  
BEGINNING ON JANUARY 1, 2020**

