XI.

TRUSTEES

AGENDA

Conference Committee on Trustees
Monday, April 20, 2020 – 9 a.m. - Noon
Room: Maple
Chairperson: John D.
Secretary: Rick W.

Conference Committee Members

Panel 69	Panel 70
John D.	Nancy F.
Kris K.	Carlos L.
Paul L.	Cynthia T.
Scott M.	Sandi W.
Thomas S.	

- Discussion and acceptance of trustees' committee report.

A. Review resumes of candidates for:

1. West Central Regional Trustee
2. Western Canada Regional Trustee

B. Review slates of trustees and officers of the General Service Board of Alcoholics Anonymous, Inc.

C. Review slate of directors of A.A. World Services, Inc.

D. Review slate of directors of AA Grapevine, Inc.

E. Consider the revised "Procedures for a Partial or Complete Reorganization of the General Service Board, the A.A.W.S. or AA Grapevine Boards."

NOTE: 1989 Conference Advisory Action

Each Conference Committee carefully consider their agenda items and strive to make their recommendations for Advisory Actions to the Conference at the policy level. To be more financially responsible, when a Conference Committee recommendation involves a substantial expenditure of money, an estimate of cost and its impact on the budget be part of that recommendation.

2020 Conference Committee on Trustees

ITEM A.1: Review resumes of candidates for West Central Regional Trustee

---

Background:

1. Voting Sheet – West Central Regional Trustee
2. Voting Members – West Central Regional Trustee
3. Resumes of Candidates – West Central Regional Trustee (*distributed to the Conference Committee on Trustees' members only*)

TRUSTEES
Item A.1
Doc.1

Voting Sheet
WEST CENTRAL REGIONAL TRUSTEE
April 2020

Trustees' Nominating Committee:	4
Conference Committee on Trustee:	4
Delegates from Region:	8
TOTAL:	16
2/3 Needed:	11
1/3 of Total:	6
1/5 of Total:	4

Trustees Candidates (Four-Year Term)

Area No.	Area Name	Name of Candidate
24	Iowa	Mike L.
35	Northern Minnesota	Michael J.
36	Southern Minnesota	No Candidate
40	Montana	Gerry R.
41	Nebraska	Trent G.
52	North Dakota	Michael R.
63	South Dakota	John T.
76	Wyoming	Brooke C.

Trustees' Nominating Committee (4 votes)

Four members of this committee to be randomly drawn as voters at time of election.

Conference Committee on Trustees (4 votes)

Four members of this committee to be randomly drawn as voters at time of election.

Area Delegates (8 votes)

All eight delegates from the West Central Region vote in this election.

TRUSTEES
Item A.1
Doc.2

Voting Members
WEST CENTRAL REGIONAL TRUSTEE
April 2020

Area Delegates (8 votes)

All eight Delegates from the West Central Region will vote in this election.

Area No.	Area Name	Name of Delegate
24	Iowa	Dan G.
35	Northern Minnesota	Jim S.
36	Southern Minnesota	Missy R.
40	Montana	Paul L.
41	Nebraska	Jessica N.
52	North Dakota	Curt W.
63	South Dakota	Jamey N.
76	Wyoming	Ramona B.

Trustees' Nominating Committee (4 votes)

Four members of this committee will be randomly selected to vote in this election.

Tom A.
Carole B.
Christine Carpenter
Kathi F.
David N.
Newton P.
Cate W.

Conference Committee on Trustees (4 votes)

Four members of this committee will be randomly selected to vote in this election.

John D.
Nancy F.
Kris K.
Paul L.*
Carlos L.
Scott M.
Thomas S.
Cynthia T.
Sandi W.

*Paul L. will vote as a delegate from the West Central Region

2020 Conference Committee on Trustees

ITEM A.2: Review resumes of candidates for Western Canada Regional Trustee

---

Background documents attached:

1. Voting Sheet – Western Canada Regional Trustee
2. Voting Members – Western Canada Regional Trustee
3. Resumes of Candidates – Western Canada Regional Trustee (*distributed to the Conference Committee on Trustees' members only*)

TRUSTEES
Item A.2
Doc.1

Voting Sheet
WESTERN CANADA REGIONAL TRUSTEE
April 2020

Trustees' Nominating Committee:	2
Conference Committee on Trustee:	2
Delegates from Region:	4
TOTAL:	8
2/3 Needed:	6
1/3 of Total:	3
1/5 of Total:	2

Trustees Candidates (Four-Year Term)

Area No.	Area Name	Name of Candidate
78	Albert/Northwest Territories	Larry M.
79	British Columbia/Yukon	Maureen M.
80	Manitoba	John J.
91	Saskatchewan	Irma V. B. N.

Trustees' Nominating Committee (2 votes)

Two members of this committee to be randomly drawn as voters at time of election.

Conference Committee on Trustees (2 votes)

Four members of this committee to be randomly drawn as voters at time of election.

Area Delegates (4 votes)

All four delegates from the Western Canada Region vote in this election.

TRUSTEES
Item A.2
Doc.2

Voting Members
WESTERN CANADA REGIONAL TRUSTEE
April 2020

Area Delegates (4 votes)

All four Delegates from the Western Canada Region will vote in this election.

Area No.	Area Name	Name of Delegate
78	Albert/Northwest Territories	Brad F.
79	British Columbia/Yukon	Gail P.
80	Manitoba	Donald McL.
91	Saskatchewan	Ray McC.

Trustees' Nominating Committee (2 votes)

Two members of this committee will be randomly selected to vote in this election.

Tom A.
Carole B.
Christine Carpenter
Kathi F.
David N.
Newton P.
Cate W.

Conference Committee on Trustees (2 votes)

Two members of this committee will be randomly selected to vote in this election.

John D.
Nancy F.
Kris K.
Carlos L.
Paul L.
Scott M.
Thomas S.
Cynthia T.
Sandi W.*

*Sandi W. will vote as a delegate from the Western Canada Region.

2020 Conference Committee on Trustees

ITEM B: Review slates of trustees and officers of the General Service Board of Alcoholics Anonymous, Inc.

Background:

1. Slates of trustees and officers of the General Service Board of Alcoholics Anonymous, Inc.
2. Resume of General Service Trustee nominee, Josh E. (*distributed to members of the Conference Committee on Trustees only*)

TRUSTEES
Item B
Doc. 1

Slates of Trustees and Officers of the General Service Board of Alcoholics Anonymous, Inc.

Excerpts from the minutes of February 1, 2020 meeting of the trustees' Committee on Nominating:

The committee reviewed and recommended to the General Service Board (G.S.B.) the following slate of trustees for election at the annual meeting of the members of the General Service Board in April 2020, following presentation at the 2020 General Service Conference for disapproval, if any:

Class A Trustees

Leslie S. Backus
Hon. Christine Carpenter
Michele Grinberg, J.D.
Peter Luongo, Ph.D., LCSW-C
Nancy McCarthy
Sr. Judith Ann Karam, CSA
Al. Mooney, M.D.

Class B Trustees (See "Note" below)

Cathy B.
Beau B.
Jimmy D.
Josh E.
Mark E.
Kathi F.
Francis G.
Trish L.
Jan L.
David N.
Newton P.
Ginger R.

West Central Regional Trustee-elect
Western Canada Regional Trustee-elect

Note: *West Central and Western Canada Regional trustees to be elected at April 2020 Conference.*

The committee reviewed and recommended to the General Service Board the following slate of officers of the General Service Board for election at the Second Quarterly Meeting of the General Service Board in April 2020, following presentation at the 2020 General Service Conference for disapproval, if any:

Chairperson	Michele Grinberg, J.D.
First Vice-Chairperson	Hon. Christine Carpenter
Second Vice-Chairperson	David N.
Treasurer	Leslie Backus, B.A.
Secretary	Mark E.
Assistant Treasurer	Robert Slotterback*
Assistant Secretary	Mary C.*

*G.S.O. employees

2020 Conference Committee on Trustees

ITEM C: Review slate of Directors of A.A. World Services, Inc.

Background:

1. Slate of Directors of A.A. World Services, Inc.
2. Resume of Nontrustee Director nominee, John W. (*distributed to committee members only*)

TRUSTEES
Item C
Doc. 1

Slate of Directors of A.A. World Service, Inc.

Excerpt from minutes of February 1, 2020 meeting of the trustees' Committee on Nominating:

The committee reviewed and recommended to the General Service Board the following slate of Directors of A.A. World Services, Inc. for election in April 2020, following presentation at the 2020 General Service Conference for disapproval, if any:

Beau B.	David N.
Mary C.*	Greg T.*
Jimmy D.	Carolyn W.
Deborah K.	John W.
Jan L.	

*G.S.O. employees

2020 Conference Committee on Trustees

ITEM D: Review slate of Directors of AA Grapevine, Inc.

Background:

1. Slate of Directors of AA Grapevine, Inc.
2. Resume of Nontrustee Director nominee, Cindy F. (*distributed to committee members only*)

TRUSTEES
Item D
Doc. 1

Slate of Director's of AA Grapevine Inc.

Excerpt from the minutes of February 1, 2020 meeting of the trustees' Committee on Nominating:

The committee reviewed and recommended to the General Service Board the following slate of Directors of AA Grapevine, Inc. for election in April 2020, following presentation at the 2020 General Service Conference for disapproval, if any:

Josh E.
Ino F.
Kathi F.
Cindy F.
Francis G.
Tommi H.
Nancy McCarthy
Ginger R. B.
Albin Z.*

*AA Grapevine employee

2020 Conference Committee on Trustees

ITEM E: Consider the revised "Procedures for a Partial or Complete Reorganization of the General Service Board, the A.A.W.S. or AA Grapevine Boards."

Background notes:

The 2018 Conference Committee on Trustees reviewed a proposal to reorganize the A.A.W.S. and General Service Boards and took no action. The committee noted that although a reorganization was not considered necessary at this time, the committee requested that the trustees' Committee on Nominating develop procedures for a partial or complete reorganization of the General Service Board, the A.A.W.S. Board or AA Grapevine Board and that a report be brought back to the 2019 Conference Committee on Trustees, including all possible options.

At their August 2018 meeting, trustees' Committee on Nominating formed a subcommittee to draft procedures for a partial or complete reorganization of the General Service Board, A.A.W.S. Board and AA Grapevine Board. At their February 2019 meeting, the trustees' committee agreed to forward the draft procedures to the 2019 Conference Committee on Trustees. Additionally, the committee requested that the General Manager prepare a memorandum summarizing pertinent information forwarded by legal counsel to accompany the draft procedures.

At the 2019 General Service Conference, the Conference Committee on Trustees reviewed the draft procedures for a partial or complete reorganization of the General Service Board, the A.A. World Services Board and AA Grapevine Board. The committee agreed that the procedure needed additional specificity, offered suggestions, and requested that the trustees' Committee on Nominating bring back a revised plan to the 2020 Conference Committee on Trustees.

At their August 2019 meeting the trustees' Nominating Committee appointed a subcommittee to address the suggested revisions and concerns from the 2019 Conference Committee on Trustees and to bring back a revised draft.

At their February 2020 meeting, the trustees' Nominating Committee reviewed the report from the subcommittee and took several actions.

- The trustees' committee recommended to the General Service Board that the following text "Until the election, the trustees would still be bound by their Code of Conduct and required to fulfill their fiduciary duties to Alcoholics Anonymous." be added to End Note 2 of the "Procedures for a Partial or Complete Reorganization of the General Service Board, the A.A.W.S. or AA Grapevine Boards."

- The trustees' committee **agreed to forward** an agenda item to the Conference Report and Charter Committee to amend the sentence in Article 4 of the Current Conference Charter which currently reads:

  It will be further understood, regardless of the legal prerogatives of the General Service Board, as a matter of tradition, that a three-quarters vote of all Conference members may bring about a reorganization of the General Service Board and the directors and staff members of its corporate services, if or when such reorganization is deemed essential.

  Be amended to read:

  It will be further understood, regardless of the legal prerogatives of the General Service Board, as a matter of tradition, that a three-quarters vote of all Conference members **participating in the vote** may bring about a reorganization of the General Service Board and the directors and staff members of its corporate services, if or when such reorganization is deemed essential.

- The trustees' committee **agreed to forward** to the Conference Committee on Trustees an agenda item to consider the revised "Procedures for a Partial or Complete Reorganization of the General Service Board, the A.A.W.S. or AA Grapevine Boards."

Background:

1. Revised "Procedures for a Partial or Complete Reorganization of the General Service Board, the A.A.W.S. or AA Grapevine Boards."
2. Report from trustees' Nominating subcommittee to address the suggested revisions and concerns from the 2019 Conference Committee on Trustees
3. 2019-05-21 Memo from Conference Committee on Trustees regarding reorganization procedures
4. 2019 Cover memorandum from G.S.O. General Manager
5. G.S.B. Conflict of Interest Policy & Disclosure Form
6. Excerpts from "Right from The Start: Responsibilities of Directors of Not-For-Profit Corporations"
   (Complete document from the New York State Attorney General, available in English online at https://www.charitiesnys.com/pdfs/Right-From-the-Start.pdf)

TRUSTEES
Item. E
Doc. 1

REVISED SUGGESTED PROCEDURE TO REORGANIZE THE GENERAL SERVICE BOARD AND THE BOARDS OF A.A.W.S., INC. AND AA GRAPEVINE, INC.*

Whereas:

A. Article 4 of the Conference Charter provides, in part:

“It will be further understood, regardless of the legal prerogatives of the General Service Board, as a matter of tradition, that a three-quarters vote of all Conference members may bring about a reorganization of the General Service Board and the directors and staff members of its corporate services, if or when such reorganization is deemed essential.

“Under such a proceeding, the Conference may request resignations, may nominate new trustees, and may make all other necessary arrangements regardless of the legal prerogatives of the General Service Board. The Conference recognizes the principles contained within the Twelve Concepts, particularly the Right of Participation, and the Rights of Petition and Appeal reflected in Concepts IV and V. In keeping with these principles, the Conference may agree to hear Concept V Appeals brought by members of the Conference structure below the Conference level on the inverted triangle.”

B. The essay in Concept III provides, in part:

“There will always be plenty of ultimate authority to correct inefficiency, ineffectiveness, or abuse. If the Conference does not function well, the groups can send in better Delegates. If the Trustees get badly out of line, the Conference can censure them, or even reorganize them. If the Headquarters’ services go sour, the Trustees can elect better directors and hire better help. These remedies are ample and direct. But for so long as our world services function reasonably well – and there should always be charity for occasional mistakes – then ‘trust’ must be our watchword, otherwise we shall wind up leaderless.”

C. The essay in Concept X provides, in part:

“Therefore it becomes clear that ultimate authority is something which cannot be used indiscriminately. Indeed, ultimate authority should practically never be used in full, *except in an emergency*. That *emergency* usually arises when delegated authority has gone wrong, when it must be reorganized because it is ineffective, or because it constantly exceeds its defined scope and purpose. For example, if the groups are dissatisfied with the Conference, they can elect better Delegates or withhold funds. If the Delegates must, they can censure or reorganize the Trustees. The Trustees can do the same with the service corporations. If a

*Revised February 2020
Note: Vertical lines in outer margins indicate changes.

corporation does not approve of the operations of its executives or staff, any or all of them can be fired."

And later provides:

"Consider next the position of the Trustees. In previous articles we have made it clear that although the Conference has the ultimate authority, the Trustees at most times must insist on their legal right to actively administer our service affairs. Their legal right has been further strengthened and its use encouraged by the traditional 'Right of Decision.' In these articles we also recognize that the Trustees have a legal right of 'veto' over the Conference when, in rare cases, they feel this should be used. By these means we have guaranteed the Trustees an administrative authority equal to their actual responsibility. This has of course been done without denying in any way the ultimate authority of the Conference, or of the Delegates, should it be really necessary to give the Trustees directives or censures, or to reorganize the Board. It should also be noticed that the position of the Trustees is still further strengthened by their 'voting participation' in the Conference and by the recognition that they are A.A.'s primary world service administrators."

And later further provides:

"To sum up: Let us always be sure that there is an abundance of final or ultimate authority to correct or to reorganize; but let us be equally sure that all of our trusted servants have a clearly defined and adequate authority to do their daily work and to discharge their clear responsibilities."

D. The essay in Concept IV provides, in part:

"Hence we ought to be wary of any future tendency to deny either our Trustees or our service people their Conference votes, except in special situations that involve past performances, job qualifications or money compensation, or in case of a sweeping reorganization of the General Service Board itself, occasioned by misfunction of the Board. However, this should never be construed as a bar to Trustee vote on structural changes."

While determining the qualification for voting on a motion regarding reorganization would always be a matter for the Conference body, all Conference members would be voting members in any election of new trustees and directors. (See End Note 1)

E. The law of the State of New York has no definition of the term "restructuring" in relation to a board and outlines no process for how to undertake a reorganization.

F. Beyond the above statement in Article 4 of the Conference Charter, A.A. literature does not describe or provide a process for the reorganization of the boards.

G. There are no defined steps or historical precedent in A.A. to guide any actions after asking for resignations.

H. New York State law requires in all instances that an incorporated not-for-profit organization have a board of directors in place.

I. While there are myriad approaches to electing a replacement board, assuming it would be in the best interests of A.A. to have a board consisting of at least some individuals with a full understanding of A.A. principles, the following process may be the most effective to elect an interim board (the “Interim Board”):

1. Preliminary Matters

(a) If a three-quarter vote of all of the Conference members is passed, to bring about the reorganization of the General Service Board, the A.A.W.S., Inc. Board and The AA Grapevine, Inc. Board, the current Trustees (the “Existing Trustees”) of The General Service Board of Alcoholics Anonymous, Inc. (the “General Service Board”) will remain as Trustees and members of the General Service Board until the Interim Board is elected at the Annual General Meeting of the General Service Board immediately following the Conference. The current directors of the A.A.W.S., Inc. Board and the AA Grapevine, Inc. Board shall remain as directors until the Annual General Meetings of the members of A.A.W.S., Inc. and AA Grapevine, Inc., respectively, when the interim board of each corporation is elected. The Interim Board and the interim boards of A.A.W.S., Inc. and AA Grapevine, Inc. will be constituted by the process outlined as follows.

(b) Upon the passing of the vote of Conference members referred to in sub-paragraph (a) above, the staff member on the Nomination assignment will contact all potential Class A trustee candidates whose resumes are on file with the General Service Board in the file known as “Prospective Class A trustees” to determine if such potential candidates are willing to stand for selection as Class A trustees. Those potential candidates who are willing to stand for selection shall be placed on a list to be considered for election at the Annual General Meeting of the General Service Board immediately following the Conference.

(c) If no potential Class A candidates are prepared to stand for election as Class A trustees, or the number of potential Class A candidates is less than seven, each Region shall caucus to select two Class A trustee nominees, whose resumes shall be forwarded to the Existing Trustees prior to the end of the Conference. Such resumes shall be presented to the New Class B Trustees (as hereinafter defined) at the Annual General Meeting of the General Service Board immediately following the Conference.

2. Selection of Class B Trustees

(a) The Conference shall hold elections for eight regional trustees in the following order:

(a) Eastern Canada Region;
(b) East Central Region;
(c) North East Region;
(d) Pacific Region;
(e) Western Canada Region;
(f) West Central Region;
(g) South East Region;
(h) South West Region.

(b) The delegate of each Area in each Region shall provide the Chair with the name and resume of its nominee for Regional Trustee in writing. Elections shall be conducted by the Chair following a Third Legacy Election Procedure in accordance with the established voting procedures for the election of Regional trustees.

(c) Prior to the election of each Class B trustee, the trustees' Nominating Committee shall caucus with the Conference Committee on Trustees to determine the eligibility of each candidate. (See End Note 8)

(d) Each Region in the U.S. shall caucus to determine a nominee for Trustee-at-Large, U.S. The process for determining such nominee shall be agreed by the Area delegates in such Region. The name and resume of such Regional nominee shall be provided to the Chair.

(e) Each Region in Canada shall caucus to determine two Trustee nominee candidates for Trustee-at-Large, Canada. The process for determining such nominees shall be agreed by the Area delegates in such Region. The names and resumes of such Regional nominees shall be provided to the Chair.

(f) An election shall be held first for Trustee-at-Large, U.S. and then Trustee-at-Large, Canada. Elections shall be conducted by the Chair following a Third Legacy Procedure in accordance with the established voting procedures for the election of Trustee-at-Large, U.S. and Trustee-at-Large, Canada, respectively.

(g) One General Service Trustee to serve on the Alcoholics Anonymous World Services, Inc. ("A.A.W.S., Inc.") Board shall be elected from nominees from

Regions in the U.S. One General Service Trustee to serve on the A.A.W.S., Inc. Board shall be elected from nominees from Regions in Canada.

(h) Each Region in the U.S. shall caucus to determine a nominee for General Service Trustee to serve on the A.A.W.S., Inc. Board. The process for determining such nominee shall be agreed by the Area delegates in such Region. The name and resume of such Regional nominee shall be provided to the Chair.

(i) An election shall be held for a General Service Trustee for the A.A.W.S., Inc. Board from the U.S. using the same election procedures as for the election of a Trustee-at-Large, U.S.

(j) Each Region in Canada shall caucus to determine two nominee candidates for General Service Trustee to serve on the A.A.W.S., Inc. Board. The process for determining such nominees shall be agreed by the Area delegates in such Region. The names and resumes of such Regional nominees shall be provided to the Chair.

(k) An election shall be held for a General Service Trustee for the A.A.W.S., Inc. Board from Canada using the same election procedures as for the election of a Trustee-at-Large, Canada.

(l) One General Service Trustee to serve on the AA Grapevine, Inc. Board shall be elected from nominees from Regions in the U.S. One General Service Trustee to serve on the AA Grapevine, Inc. Board shall be elected from nominees from Regions in Canada.

(m) Each Region in the U.S. shall caucus to determine a nominee for one General Service Trustee to serve on the Alcoholics Anonymous Grapevine, Inc. ("AA Grapevine, Inc.") Board. The process for determining such nominee shall be agreed by the Area delegates in such Region. The name and resume of such Regional nominee shall be provided to the Chair.

(n) An election shall be held for a General Service Trustee for the AA Grapevine, Inc. Board from the U.S. using the same election procedures as for the election of a Trustee-at-Large, U.S.

(o) Each Region in Canada shall caucus to determine two nominee candidates for one General Service Trustee to serve on the AA Grapevine, Inc. Board. The process for determining such nominees shall be agreed by the Area delegates in such Region. The names and resumes of such Regional nominees shall be provided to the Chair.

(p) An election shall be held for a General Service Trustee for the AA Grapevine, Inc. Board from Canada using the same election procedures as for the election of a Trustee-at-Large, Canada.

(q) Two Nontrustee Directors to serve on the A.A.W.S., Inc. Board shall be elected from nominees from Regions in the U.S. One Nontrustee Director to serve on the A.A.W.S., Inc. Board shall be elected from nominees from Regions in Canada.

(r) Each Region in the U.S. shall caucus to determine a nominee for Nontrustee Director to serve on the A.A.W.S., Inc. Board. The process for determining such nominee shall be agreed by the Area delegates in such Region. The name and resume of such Regional nominee shall be provided to the Chair.

(s) An election shall be held for one Nontrustee Director to serve on the A.A.W.S., Inc. Board from the U.S. using the same election procedures as for the election of a Trustee-at-Large, U.S. A second election shall be held from the remaining candidates to elect a second Nontrustee Director to serve on the A.A.W.S., Inc. Board.

(t) Each Region in Canada shall caucus to determine two nominee candidates for Nontrustee Director to serve on the A.A.W.S., Inc. Board. The process for determining such nominees shall be agreed by the Area delegates in such Region. The names and resumes of such Regional nominees shall be provided to the Chair.

(u) An election shall be held for election of a Nontrustee Director for the A.A.W.S., Inc. Board from Canada using the same election procedures as for the election of a Trustee-at-Large, Canada.

(v) Two Nontrustee Directors to serve on the AA Grapevine, Inc. Board shall be elected from nominees from Regions in the U.S. One Nontrustee Director to serve on the AA Grapevine, Inc. Board shall be elected from nominees from Regions in Canada.

(w) Each Region in the U.S. shall caucus to determine a nominee for Nontrustee Director to serve on the A. Grapevine, Inc. Board. The process for determining such nominee shall be agreed by the Area delegates in such Region. The name and resume of such Regional nominee shall be provided to the Chair.

(x) An election shall be held for one Nontrustee Director to serve on the AA Grapevine, Inc. Board from the U.S. using the same election procedures as for the election of a Trustee-at-Large, U.S. A second election shall be held from the remaining candidates to elect a second Nontrustee Director to serve on the AA Grapevine, Inc. Board.

(y) Each Region in Canada shall caucus to determine two nominee candidates for Nontrustee Director to serve on the AA Grapevine, Inc. Board. The process for determining such nominees shall be agreed by the Area delegates in such Region. The names and resumes of such Regional nominees shall be provided to the Chair.

(z) An election shall be held for election of a Nontrustee Director to serve on the AA Grapevine, Inc. Board from Canada using the same election procedures as for the election of a Trustee-at-Large, Canada.

The Trustees elected by the Conference pursuant to the above process are hereinafter called the “New Class B Trustees.” (See End Note 2)

3. Election of Members of the Interim General Service Board, A.A.W.S., Inc. Board and A. Grapevine, Inc. Board.

(a) On the morning immediately following the close of the Conference, the Existing Trustees shall convene the Annual General Meeting of the General Service Board. The Existing Trustees will elect the New Class B Trustees as trustees of the General Service Board. The Existing Trustees shall then resign as trustees of the General Service Board, which shall cause the Existing Trustees to cease to be members of the General Service Board, A.A.W.S., Inc. and AA Grapevine, Inc.

(b) The New Class B Trustees, acting as members of the General Service Board shall elect seven Class A Trustees from the list of potential candidates. The Annual General Meeting of the General Service Board shall be temporarily adjourned. (See End Note 8)

(c) The New Class B Trustees, acting as members of A.A.W.S., Inc., shall convene the Annual General Meeting of the Members of A.A.W.S., Inc. and elect the following persons as directors of A.A.W.S., Inc.:

(i) the General Service Trustees selected by the Conference pursuant to paragraphs I2(i) and I2(k) above;

(ii) the Nontrustee Directors selected by the Conference pursuant to paragraphs I2(s) and I2(u) above;

(iii) two Class B Regional Trustees selected by lot;

(iv) two other persons as determined by the New Class B Trustees. (See End Note 3)

When the balance of the business required to be conducted at the Annual General Meeting is concluded, the Annual General Meeting of the Members of A.A.W.S., Inc. shall be adjourned.

(d) A meeting of the directors of A.A.W.S., Inc. will be convened. The directors of A.A.W.S., Inc. shall elect a Chair, Vice-Chair, President, Vice-President, Secretary, Treasurer and Assistant-Treasurer in accordance with the Bylaws of A.A.W.S., Inc. (See End Note 3)

(e) The New Class B Trustees, acting as members of AA Grapevine, Inc., shall convene the Annual General Meeting of the Members of AA Grapevine, Inc. and elect the following persons as directors of AA Grapevine, Inc.:

(i) the General Service Trustees selected by the Conference pursuant to paragraphs I2(n) and I2(p) above;

(ii) the Nontrustee Directors selected by the Conference pursuant to paragraphs I2(v) and I2(x) above;

(iii) two Class B Regional Trustees selected by lot;

(iv) one Class A Trustee selected by lot;

(v) one other person as determined by the New Class B Trustees. (See End Note 4)

When the balance of the business required to be conducted at the Annual General Meeting is concluded, the Annual General Meeting of the Members of AA Grapevine, Inc. will be adjourned.

(f) A meeting of the directors of AA Grapevine, Inc. shall be convened. The directors of AA Grapevine, Inc. shall elect a Chair, Vice-Chair, President, Vice-President, Treasurer, Assistant-Treasurer, and Secretary in accordance with the Bylaws of AA Grapevine, Inc. (See End Note 4)

(g) The Annual General Meeting of the Members of the General Service Board shall be reconvened and the New Class B Trustees shall elect a Chair, First Vice-Chair, Second Vice-Chair, Secretary and Treasurer in accordance with the Bylaws of the General Service Board.

4. Rotation and Election of Regular Board

(a) The Conference will determine the timing of any subsequent meeting of the delegates to the General Service Conference to elect the trustees of the General Service Board to replace the Interim Board or to confirm the rotation of the trustees of the Interim Board, but the course set out in sub-paragraphs (b) through (f) below is one option for consideration;

(b) At the Conference next following the reorganization of the Board, the Pacific Regional Trustee and Eastern Canada Regional Trustee shall rotate and an election shall be held for Pacific Regional Trustee and Eastern Canada Regional Trustee (the "First Rotating Trustees"). Each of the First Rotating Trustees shall be eligible for election to a full four-year term.

(c) At the second Conference following a reorganization, the following trustees will rotate:

(i) North East Regional Trustee;
(ii) South West Regional Trustee;
(iii) Trustee-at-Large, Canada;
(iv) one A.A.W.S., Inc. General Service Trustee (see End Note 5);
(v) one AA Grapevine, Inc. General Service Trustee (see End Note 5);
(vi) two Class A Trustees (see End Note 5);

In addition:

(vii) two Nontrustee Directors for A.A.W.S. Inc.,
(viii) two Nontrustee Directors for AA Grapevine, Inc.
(collectively referred to as the "Second Rotating Trustees and Directors") and an election shall be held for each of the foregoing positions. Each of the Second Rotating Trustees and Directors shall be eligible for re-election for a full four-year term. (See End Note 6 and End Note 7)

(d) At the third Conference following reorganization of the Board, the Western Canada Regional Trustee and West Central Regional Trustee (the "Third Rotating Trustees") shall rotate and an election shall be held for Western Canada Regional Trustee and West Central Regional Trustee. The Third Rotating Regional Trustees shall not be eligible to stand for re-election for any term.

(e) At the fourth Conference after a reorganization of the Board, the following trustees shall rotate:

(i) South East Regional Trustee;
(ii) East Central Regional Trustee;
(iii) one General Service Trustee on A.A.W.S., Inc.;
(iv) one General Service Trustee on AA Grapevine, Inc;
(v) Trustee-at-Large, U.S.; and
(vi) three Class A Trustees,
(collectively referred to as the "Fourth Rotating Trustees")

In addition:

(vii) one Nontrustee Director from A.A.W.S., Inc. and one Nontrustee Director from AA Grapevine, Inc. (hereinafter referred to as the “Fourth Rotating Directors”).

An election shall be held for each of the foregoing positions (see End Note 5). None of the Fourth Rotating Trustees shall be eligible for re-election. The Fourth Rotating Directors shall be eligible for election as General Service Trustees. (See End Note 7)

(f) At the Sixth Conference following a reorganization of the Board, the final two Class A Trustees elected at the Annual General Meeting of the General Service Board immediately following the reorganization will rotate and an election shall be held for two Class A Trustees. (See End Note 7)

END NOTES

1. Note that contrary to the portion of the essay in Concept IV referred to, Article 4 of the current Conference Charter as partly set out in Section A contemplates “that a three-quarters vote of **all** Conference members may bring about a reorganization of the General Service Board and the directors and staff members of its corporate services, if or when such reorganization is deemed essential” (emphasis added).

2. The process outlined in Paragraphs I2 above speaks to election of Trustees and Directors. This is not the actual election. The election of Trustees actually occurs at the Annual General Meetings of each corporation as contemplated in Paragraph I3. Until the election, the trustees would still be bound by their Code of Conduct and required to fulfill their fiduciary duties to Alcoholics Anonymous.” be added to End Note 2 of the “Procedures for a Partial or Complete Reorganization of the General Service Board, the A.A.W.S. or AA Grapevine Boards.

3. The General Manager of the General Service Office normally serves as a director of A.A.W.S., Inc. and, by custom, as its President. The staff person serving as Staff Coordinator normally serves as a director of A.A.W.S., Inc. and, by custom, as its Secretary. Care should be taken with any employee of the General Service Board, A.A.W.S., Inc. and AA Grapevine, Inc. in changing duties and responsibilities as such changes may have legal and financial consequences. Legal advice should be sought.

4. The Chief Executive of AA Grapevine, Inc. normally serves as a director of AA Grapevine, Inc. and, by custom, as its President. Care should be taken with any employee of the General Service Board, A.A.W.S., Inc. and AA Grapevine, Inc. in changing duties and responsibilities, as such changes may have legal and financial consequences. Legal advice should be sought.

5. It is suggested that at the Annual General Meetings of the General Service Board, A.A.W.S., Inc. and AA Grapevine, Inc. immediately following a reorganization, lots be drawn among Class A Trustees, General Service Trustees and Nontrustee Directors to determine order of rotation.

6. The Trustee Vacancy provisions of the Bylaws of the General Service Board contemplate a Regional Trustee being eligible to serve a full four-year term after serving one or two years in filling a vacancy. They do not speak to a Trustee-at-Large, General Service Trustees or Nontrustee Directors. However, the same spiritual principles apply. The Bylaws of the General Service Board, A.A.W.S., Inc. and AA Grapevine, Inc. may need to be amended to expressly allow this process. Legal advice should be sought.

7. Selection and Election of General Service Trustees, Class A Trustees and Nontrustee Directors should occur following current practices.

   Prior to election as a trustee of the General Service Board, any prospective trustee must execute an appropriate instrument addressed to the General Service Board stating that such person agrees to comply with and be bound by all of the terms and provisions of the Bylaws of the General Service Board.

8. The foregoing procedures are adaptable for a partial reorganization or a reorganization of either or both corporate boards.

TRUSTEES
Item E
Doc. 2

Final Report
Trustees' Nominating Committee
Subcommittee on Procedures for a Partial or Complete Reorganization of the General Service Board, the A.A.W.S. or AA Grapevine Boards

Members: Newton P., chair; Christine Carpenter (nonalcoholic), Cate W., and Rick W., secretary.

Scope: To address the suggested revisions and concerns from the 2019 Conference Committee on Trustees regarding the procedures for a partial or complete reorganization of the General Service Board, the A.A.W.S. or AA Grapevine boards and bring back a revised draft to either the November 2019 or January 2020 meeting.

Background: May 2019 Memo from Conference Committee on Trustees
May 2019 Committee Consideration from the Conference Committee on Trustees
Suggested Procedure to Reorganize the General Service Board and the boards of A.A.W.S., Inc. and AA Grapevine, Inc.

At their July 2019 meeting, the Trustees' Conference Committee discussed an additional committee consideration and memorandum from the 2019 Conference Committee on Trustees requesting that the trustees' Committee on Nominating revise the procedures for a partial or complete reorganization of the General Service Board, the A.A.W.S. or AA Grapevine boards. The chair appointed a subcommittee comprised of Newton P.(chair), Christine Carpenter and Cate W.to address the suggested revisions and concerns and bring back a revised draft.

The Subcommittee on Procedures for a Partial or Complete Reorganization of the General Service Board, the A.A.W.S. or AA Grapevine Boards met three times. The subcommittee reviewed the four suggestions offered by the 2019 Conference Committee on Trustees that were transmitted to the trustees' Nominating Committee in a memo.

The subcommittee considered each of these suggestions separately, and here are their conclusions and recommendations.

Suggestion 1

The first suggestion was regarding a "pool of regional trustees available to be considered to serve on an interim board." The subcommittee made no recommendations for changes to the proposed procedure and provided to the 2019 Conference Committee on Trustees. The current plan doesn't call for a standing pool of regional trustee candidates.

The suggestion of creating a standing pool is substantially different from the currently proposed process. The requirements for creating a standing pool of willing candidates, and checking with them periodically to see if they continued to be willing to stand, seems impractical. Rather, in the event of a motion to reorganize the boards, each area could opt to choose a regional trustee candidate using a method of their choosing. One method might be to nominate the most recent regional trustee candidate.

Suggestion 2

The second suggestion was regarding a "pool of potential Class A trustees available to be considered to serve on an interim board." The subcommittee made no recommendations for changes to the proposed procedure.

The current proposed process includes a pool of potential Class A trustees, some of whom would have already been interviewed by the General Service Board.

Suggestion 3

The subcommittee considered the third suggestion to "address concerns regarding the GSB continuing to act until ratification of the interim board wherein appropriate provisions would be set in place to protect the interest of the Fellowship."

The subcommittee recommended to the trustees' Nominating Committee that an additional text be added to End Note 2. The sentence would say, "Until the election, the trustees would still be bound by their Code of Conduct and required to fulfill their fiduciary duties to Alcoholics Anonymous, and therefore would be liable if they did anything to harm the fellowship."

Suggestion 4

The subcommittee considered the fourth suggestion regarding reconciliation of the Conference Charter to Concept Four, wherein Article Four would be revised to read "three-fourths of all Conference members participating in the vote."

The subcommittee recommended to the trustees' Nominating Committee that an agenda item be forwarded to the Conference Report and Charter Committee to amend the sentence in Article 4 of the Current Conference Charter which currently reads:

> It will be further understood, regardless of the legal prerogatives of the General Service Board, as a matter of tradition, that a three-quarters vote of all Conference members may bring about a reorganization of the General Service Board and the directors and staff members of its corporate services, if or when such reorganization is deemed essential.

Be amended to read:

> It will be further understood, regardless of the legal prerogatives of the General Service Board, as a matter of tradition, that a three-quarters vote of ~~all~~ Conference members **participating in the vote** may bring about a reorganization of the General Service Board and the directors and staff members of its corporate services, if or when such reorganization is deemed essential.

###

TRUSTEES
Item E
Doc. 3

MEMORANDUM

May 21, 2019

TO: Trustees' Nominating Committee

cc: Greg T., General Manager

FROM: 2019 Conference Committee on Trustees

RE: Suggested Procedures for a Partial/Complete Reorganization of the General Service Board

---

The 2019 Conference Committee on Trustees reviewed with appreciation the Suggested Procedures for a Partial/Complete Reorganization of the General Service Board and submit the following suggestions for your consideration:

Subsequent actions (and related legalities) that would be required by the General Service Board, the two corporate boards and/or the Conference, including, but not limited to:

1. Pool of regional trustees available to be considered to serve on an interim board.

2. Pool of potential Class A trustees available to be considered to serve on an interim board.

3. Address concerns regarding the GSB continuing to act until ratification of the interim board wherein appropriate provisions would be set in place to protect the interest of the Fellowship.

4. Reconciliation of the Conference Charter to Concept Four wherein Article Four would be revised to read "three-fourths of all Conference members participating in the vote."

In consideration of the above-noted suggestions, the committee requests that a revised plan be submitted to the 2020 Conference Committee on Trustees for review and discussion.
/sdw

TRUSTEES
Item E
Doc. 4

February 11, 2019

To: 2019 Conference Committee on Trustees

From: Greg T., General Manager

Re: Suggested Procedure to Reorganize the General Service Board and the boards of A.A. World Services, Inc. and AA Grapevine, Inc.

<u>This is not a privileged communication</u>.

Our general counsel reviewed the trustees' suggested procedure to reorganize the General Service Board and the boards of A.A. World Services, Inc. and AA Grapevine, Inc. (Item E 2)

Please note that if there are to be any substantive amendments to the proposed procedure (or even minor tweaks) made when it is accepted by whatever committee or body, it is suggested that it be given a further legal vetting, of course.

Responses to additional specific questions posed to our general counsel in this regard are noted below:

Do we need to have 21 trustees at the close of the AGM after Conference? We ask this mostly in considering the fairness of electing Class A trustees onto this Interim Board?

<u>Response</u>: Do not have to have exactly 21 trustees at close of AGM; there can be fewer – not a specific number. E.g., if there are a few vacancies, 2 or 3, no problem. If it is a case of more vacancies than that, it would need to be examined. On the issue of fourteen (14) "new" Class Bs electing seven (7) "new" Class As, as provided in the proposed procedures document, that is OK. The problem <u>might</u> arise if there are only 3 or 4 Class As elected (for whatever reason) … so the new board must be prepared to move to fill vacancies in either role such as may exist or arise after the AGM.

Would the Bylaws need to be amended to allow other types (other than Regional) to stand for election after their rotation as First Rotating Trustees and Second Rotating Trustees and Directors as contemplated in the procedure (I think this would be an amendment to be addressed in future should the need arise)?

Response: As noted in the parenthetical statement above and Note 6 of the proposed procedure: Any such amendment would need to be handled in the usual manner, probably better to anticipate the need in the near future, amend as necessary. If the proposed procedure is to be adopted, it should be noted that bylaws may need to be amended in this or that way and the board should move to do so (with “A.A. speed”).

What is counsel’s view of the language in Article 4 of the Charter (considering the essay in Concept IV)?

Response: Counsel did review the current bylaws and Conference Charter and Concept IV essay. The documentation supports the following reading: That, in good faith, it would be proper for the trustees not to participate in the vote to reorganize the board, i.e., to recuse themselves. There still must be a vote of three-fourths of the Conference membership, i.e., three-fourths of all registered Conference members minus the recused members, to reorganize. Once the participating voting members of the Conference have voted by three-fourths to reorganize, then the Conference body as a whole (all members participating) under regular order may nominate new trustees, then the current board officially elects the new Class B trustees as its successor membership, followed by election of Class A trustees, etc., following the further steps as outlined in the proposed procedure.

###

The General Service Board of Alcoholics Anonymous, Inc.
Conflict of Interest Policy

Article I
Purpose

The purpose of the conflict of interest policy is to protect the interests of the General Service Board of Alcoholics Anonymous, Inc. (GSB) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or trustee of GSB or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Article II
Definitions

1. **Interested Person** — Any trustee, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

2. **Financial Interest** — A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

    a. An ownership or investment interest in any entity with which GSB has a transaction or arrangement;
    b. A compensation arrangement with GSB or with any entity or individual with which GSB has a transaction or arrangement; or
    c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which GSB is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Article Ill, Section 2, a person who has a financial interest may have a conflict of interest only if the Board of Trustees or a committee thereof decides that a conflict of interest exists.

Article III
Procedures

1. Duty to Disclose

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the Board of Trustees or committee thereof who will consider the proposed transaction or arrangement.

2. Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the Board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board or committee members shall decide if a conflict of interest exists.

3. Procedures for Addressing the Conflict of Interest

a. An interested person may make a presentation at a Board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
b. The Chair of the Board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
c. After exercising due diligence, the Board or committee shall determine whether GSB can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board or committee shall determine by a majority vote of the disinterested members whether the transaction or arrangement is in GSB's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

4. Violations of the Conflicts of Interest Policy

a. If the Board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the Board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Article IV
<u>Records of Proceedings</u>

The minutes of the Board of Trustees and all committees with board delegated powers shall contain:

a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Board or committee's decision as to whether a conflict of interest in fact existed.

b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Article V
Compensation

a. A voting member of the Board of Trustees who receives compensation, directly or indirectly, from GSB for services is precluded from voting on matters pertaining to that member's compensation.
b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from GSB for services is precluded from voting on matters pertaining to that member's compensation.
c. No voting member of the Board of Trustees or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from GSB, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article VI
Annual Statements

Each trustee, principal officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

a. Has received a copy of the conflicts of interest policy,
b. Has read and understands the policy,
c. Has agreed to comply with the policy, and
d. Understands GSB is charitable and in order to maintain its federal tax exemption must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Article VII
Periodic Reviews

To ensure GSB operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.

b. Whether partnerships, joint ventures, and arrangements with management organizations conform to GSB's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

Article VIII
Use of Outside Experts

When conducting the periodic reviews as provided for in Article VII, GSB may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

(Revised Jan 2019)

General Service Board of Alcoholics Anonymous, Inc.
Annual Conflict of Interest Disclosure Statement
for the Period Ending _______

The Conflict of Interest Policy of the General Service Board of Alcoholics Anonymous, Inc., ("GSB") requires any trustee, principal officer or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined in the Conflict of Interest Policy (an "interested person"), to disclose the existence of the financial interest. This Annual Conflict of Interest Disclosure Statement is designed to help GSB trustees and Officers and members of GSB committees with governing board delegated powers, meet their continuing responsibility to disclose potential conflicts of interest.

Please initial each statement that applies to you:

_____ I have received a copy of the Conflict of Interest Policy.

_____ I have read and understand the Conflict of Interest Policy.

_____ I agree to comply with the Conflict of Interest Policy.

_____ I am not aware of any financial interest that is required to be disclosed under the Conflict of Interest Policy.

_____ I have described in the attached letter every financial interest that is required to be disclosed under the Conflict of Interest Policy. (Please attach a letter providing complete details of any financial interest subject to the Policy.)

_____ I understand that the GSB is charitable and, in order to maintain its federal tax exemption, it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

During the time that I am a General Service Board Trustee or Officer, I agree to report promptly any future situation that might involve or appear to involve me in any potential conflict of interest with the GSB.

I am completing this disclosure statement based on the definitions below that are taken from the Conflict of Interest Policy.

Signature: ____ Date: ________

Please return this disclosure statement to the Chair of the General Service Board no later than ________.

Mail: General Service Office
475 Riverside Drive, 11th Floor
New York, NY 10115
Email: staffcoord@aa.org
FAX: (212) 870-3003

(Continued)

For the purposes of this Conflict of Interest Policy:

An "interested person" is: any trustee, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below.

A person has a "financial interest" if the person has, directly or indirectly, through business, investment or family:

a. An ownership or investment interest in any entity with which GSB has a transaction or arrangement;

b. A compensation arrangement with GSB or with any entity or individual with which GSB has a transaction or arrangement; or

c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which GSB is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration, as well as gifts or favors that are not insubstantial.

(Revised Jan 2019)

TRUSTEES
Item E
Doc. 6

Excerpts from

Right from the Start: Responsibilities of Directors of Not-For-Profit Corporations*
(From the office of the New York State Attorney General, pp. 4-6)

● Duty of Care

The duty of care requires a director to be familiar with the organization's finances and activities and to participate regularly in its governance. In carrying out this duty, directors must act in "good faith" using the "degree of diligence, care and skill" which prudent people would use in similar positions and under similar circumstances. In exercising the duty of care, a responsible board of directors should, among other things, do the following:

- √ The directors as a group, and the officers of the corporation, should exercise their responsibility to undertake reasonable efforts to assure that the organization is operating in compliance with the law. For directors, this means assuring that there is an effective compliance program reporting ultimately to the directors, that there is a policy for protection of whistleblowers which has been communicated to employees, that there are effective internal controls, that there is an effective external audit by an independent auditor, and that allegations of violations of law are investigated and addressed. (Although New York law only requires organizations with over 20 employees and over $1 million in revenue to have a whistleblower policy, smaller organizations might find it helpful to adopt such a policy as well.)
- √ Attend board and committee meetings and actively participate in discussions and decision-making, such as setting of policies. Carefully read the material prepared for board and committee meetings prior to the meetings and note any questions they raise. Allow time to meet without senior management present.
- √ Read the minutes of prior meetings and all reports provided, including financial statements and reports by employees. Do not hesitate to suggest corrections, clarification and additions to the minutes or other formal documents.
- √ Make sure to get copies of the minutes of any missed committee or board meeting, read them timely and suggest any changes that may be appropriate.
- √ Make sure there is a clear process for approval of major obligations such as fundraising, professional fees (including auditors), compensation arrangements and construction contracts.
- √ Make sure that board minutes reflect any dissenting votes in action taken by the board or that any dissenting vote is expressed in writing by letter to the board. Such records are necessary in order for a board member to disclaim responsibility for any particular decision. Absent board members must do this promptly in writing.

* Full document available in English online at https://www.charitiesnys.com/pdfs/Right-From-the-Start.pdf

- √ Read literature produced as part of the organization's programs.
- √ Make sure that monthly financial reports prepared for management are available to the board or finance and audit committees, and that they are clear and communicate the information needed for proper stewardship. Make sure there is an ongoing actual to budget comparison with discrepancies explained.
- √ Participate in risk assessment and strategic planning discussions for the future of the organization.
- √ Ensure that the organization has addressed the sufficiency of its written internal financial controls and written policies that safeguard, promote and protect its assets and that they are updated regularly, and has considered an employees', officers' and directors' fidelity bond to protect the organization from embezzlement.
- √ Assure that the organization has a background check policy for prospective employees.
- √ Determine whether or not the organization indemnifies its officers and directors from liability and has directors' and officers' liability insurance. If it does, find out what is covered and what is not. If it does not, find out why.
- √ Encourage diversity among board members. Diversity will help insure a board committed to serve the organization's mission with a range of appropriate skills and interests.
- √ Be involved in the selection and periodic review of the performance of the organization's Chief Executive Officer, Chief Financial Officer and other key employees responsible for the day-to-day activities of the organization. The board is responsible for ascertaining whether these individuals have the appropriate education, skills and experience to assume a key position; communicating duties, expectations and goals; and then evaluating their performance at least annually, first in an executive session and then with the officer directly.

● Duty of Loyalty

Directors are charged with the duty to act in the interest of the corporation. This duty of loyalty requires that any conflict of interest, real or possible, be disclosed in advance of joining a board and when they arise. So that all members are aware of - and avoid - transactions in which the nonprofit's interests are not primary, New York law requires nonprofits to have a written "conflicts of interest" policy. Among the provisions that should be included in such policies are provisions that:

- √ Define the circumstances that constitute a conflict of interest;
- √ Set forth procedures for disclosing a conflict of interest to the audit committee or the board;
- √ Prohibit anyone with a conflict of interest from being present during or participating in the deliberation, voting on the issue that resulted in the conflict, or influencing the deliberation or vote on the issue that resulted in the conflict;

- √ Require the nonprofit to document the existence and resolution of each conflict;
- √ Require directors to sign annually a statement that identifies entities in which they serve as an officer, director, trustee, member, or employee and with which the corporation has a relationship; as well as any transaction of the nonprofit in which the director might have a conflicting interest.

● Duty of Obedience

A board has a duty of obedience to ensure that the organization complies with applicable laws and regulations, its mission and its internal governance documents and policies, including:

- √ Dedicating the organization's resources to its mission.
- √ Ensuring that the organization carries out its purposes and does not engage in unauthorized activities.
- √ Complying with all appropriate laws, including registering and filing annual financial reports with the Attorney General's Charities Bureau in New York State, complying with similar laws in other states in which it conducts activities and\or solicits contributions, filing required financial reports with the State Worker's Compensation Board, the State Department of Taxation and Finance and the Internal Revenue Service; and paying all taxes such as Social Security, income tax withholding (federal, state and local) and any unrelated business income tax. Board members may be personally liable for failing to pay employees' wages and benefits, and for failing to withhold, escrow and pay over to state and federal authorities withholding taxes on employees' wages.
- √ Providing copies of its applications for tax-exempt status (IRS Form 1023), federal reports (IRS forms 990, 990 PF, 990 EZ) and its financial reports filed with the Attorney General's Charities Bureau to members of the public who request them. Many organizations post their annual reports and other information on the Internet.

###