

# BOARD OF DIRECTORS HANDBOOK FOR RURAL RECOVERY HOUSES



R C O E

**THE FLETCHER GROUP**  
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## Welcome To The XYZ Recovery House Board Of Directors

The Board of Directors serves as the Recovery House's governing body. The primary duties of the Board of Directors are to set strategies and policies for the Recovery House. These strategies and policies are carried out by Recovery House staff under the direction of the Recovery House administrator who is the Board of Directors' only employee. The Board of Directors works as a cohesive unit to oversee, control, and protect the organization. Individual board members have no governing power.

The Board Chairperson and the Recovery House administrator will provide an orientation for all members within one month of them being elected to the board. The intent of the orientation is to clarify board member responsibilities and roles, and to answer any questions. At the orientation, the following items will be provided: board meeting schedule, roster of members, conflict of interest policy, and training requirements.

XYZ Recovery House's purpose is to provide a safe living environment that is free from alcohol and drug use. The recovery of residents is supported by in-house peer support and linkages to other recovery services that are provided onsite, within the community, and sometimes through virtual (on-line) resources. Operating, in accordance with the Standards of the National Alliance for Recovery Residences (NARR), the XYZ Recovery House provides a Level [1, 2, 3, or 4] of care. (See [National Alliance for Recovery Residences \(narronline.org\)](http://narronline.org) for more information on NARR.)

The mission of the XYZ Recovery House is [insert mission]. XYZ Recovery House is non-profit and tax exempt. Its purpose and existence are recognized by the [State or Commonwealth] of [name of State]. Charter documents for XYZ Recovery House are provided beginning on the following page for board members' reference. These include:

1. Articles of Incorporation as approved by the state
2. IRS 501(c)(3) tax-exempt determination letter.
3. Certificate of good standing/certificate of existence showing that the organization is authorized to conduct business and is operating in compliance with state regulations.
4. Certificates/Licenses/etc. (will vary by Recovery House)

Although board members should be familiar with all the charter documents, organizational bylaws (which are internal documents) contain information that is specific to the Board of Directors. The following aspects of governance are addressed in the organizational bylaws.

- Member selection, roles, and terms
- Membership issues (categories, responsibilities)
- Meeting guidelines (frequency of meetings, quorum requirement)
- Board structure (number of members and list of committees)
- Compensation (if any) and indemnification (D&O liability insurance) of board members
- Role of chief executive officer (or other title reflecting top executive employee)
- Process for Amending Bylaws
- Process for Dissolution of the organization

Articles of Incorporation

**Xx Insert Articles of Incorporation**

IRS 501(C)(3) Tax-Exempt Determination Letter

Xx Insert Tax Exempt Determination Letter

Certificate of Good Standing/Certificate of Existence - insert

Certificates/License/Etc. Insert as applicable

Organizational Bylaws- insert.



## Board Authority, Responsibilities, And Legal Duties

*Authority:* Board members have authority only when acting in consensus (usually a majority vote of the total Board membership) in regular or specially called meetings. The board may delegate authority to committees; however, the board remains legally responsible for actions taken by the committees. An *individual* board member has no authority to act on behalf of the Recovery House.

*Responsibilities:* The Board of Directors' governance responsibilities are different from those of the Executive Director of the Recovery House. BoardSource (a national organization working to improve the effectiveness of nonprofits) provides the following list of duties for nonprofit boards:

- Determine the organization's mission and purpose
- Select the Executive Director
- Ensure effective organizational planning
- Provide proper financial oversight
- Ensure adequate resources through general fundraising
- Ensure legal and ethical integrity and maintain accountability
- Ensure effective organizational planning
- Recruit and orient new board members and assess board performance
- Enhance the organization's public standing
- Determine, monitor, and strengthen the organization's programs and services
- Support the Executive Director and assess his or her performance

The Board of Directors provides organizational oversight for the Recovery House. In this role, the board must review and approve the following agency documents (including amendments or revisions) at least once every three years:

- (1) Mission statement – the board will be actively involved in reviewing and, if needed, revising the mission statement at least every three years
- (2) Agency bylaws – the board will appoint a bylaws committee to review and, if needed, update the bylaws for discussion and approval by the full board at least every three years
- (3) Recovery House policies and procedures – presented to the board for discussion and approval by the Recovery House administrator at least every three years
- (4) Agency annual budget - presented annually to the board by the financial professional who completed the budget
- (5) Annual audit and IRS Form 990 - presented to the board annually by the CPA who performed the audit and completed the 990

- (6) Insurance (liability, worker's comp, health, etc.) – presented to the board by the insurance agent/broker who secured the insurance quotes at least every three years
- (7) Employee handbook – presented to the board by the organization's designated human resources manager (or equivalent position) at least every three years – will be reviewed by an attorney for compliance with employment laws, ADA, HIPAA, and other laws and regulations.

*Duties:* The board of directors has three primary legal duties known as the duties of care, loyalty, and obedience.

**Duty of Care** requires members of the board to exercise the same care that an ordinary, prudent person would exercise in a like position or under similar circumstances. This means that board members should attend board meetings and be informed about the organization's activities and be able to make informed and independent decisions when voting. **[State laws differ on the degree of care required of board members.]**

**Duty of Loyalty** requires board members to act in good faith, be faithful to the organization and pursue the organization's best interests. This means that board members must be dedicated to the organization's mission and put the interests of the organization above their self-interest.

**Duty of Obedience** requires the board to act in accordance with the organization's rules and policies, and in furtherance of its goals as stated in the mission statement, articles of incorporation and bylaws. In addition, the board must comply with state and federal laws. The duty of obedience forbids acts outside the scope of corporate powers.

## Reducing Liability Risk and Member Indemnification

To the extent allowed by law, officers and directors of the [XYZ Recovery House](#) will be protected from personal liability for lawful actions taken by the board and its employees without malicious intent that disregards the best interest of the Recovery House. Such protection shall be provided by the Recovery House's general liability and Directors & Officers insurance policies which protect members when their actions are lawful and cautiously taken. No protection will be provided for unlawful actions, willful misconduct, or gross negligence.

Board members can reduce their risk of personal liability by preparing for, attending, and participating in board meetings where they make decisions (cast independent votes) based on informed judgement arising from reports, presentations, inquiries, and research. Members should feel comfortable requesting that the organization seek legal or financial consultation when ramifications in these areas are uncertain.

A robust level of dedication to educating themselves about their board responsibilities can help reduce members' personal liability. For example, learning to understand financial statements and other reports of the organization expands the member's knowledge base and prepares them to make informed decisions. Perhaps, most significant to reducing personal liability is avoiding

conflicts of interests that may be harmful to both the individual members and the overall organization.

### Conflicts of Interest

No individual or business should benefit from decisions of the Recovery House Board of Directors. Neither should board members benefit from the activities of the Recovery House. Board members have the fiduciary responsibility to make decisions that are not influenced by conflicts of interest. To ensure that potential conflicts of interest are identified, board members will be provided Conflict of Interest training during their board orientation and will be asked to disclose any existing, potential, or perceived conflicts.

(See Appendix A for Conflicts of Interest Policy).

### Preparing to Govern

To fully succeed in governing the Recovery House, it is imperative that board members be prepared. This can be accomplished by:

1. Attend all meetings of the full board (whether regularly scheduled or specially called) and any committee meetings of which the member has committed to serve on (seeking any excused absences from the Board Chair in advance).
2. Review meeting agenda, supporting documents, and minutes from previous meeting and be prepared to voice any concerns about their contents (such as errors or omissions in content). Approval of Minutes is a standing agenda item.
3. Participate in meetings by providing relevant input, asking questions, and thoughtfully considering presented information and the opinions of other members, CEO, invited speakers, or other guests/attendees when making comments and/or voting.
4. Vote independently.
5. Be aware of self-interests and avoid self-dealing.
6. Refrain from having discussions of board business with staff members other than the Executive Director (always remember, the board has one employee only – the Executive Director)

To help board members be fully prepared to succeed in their governance duties, all members will be provided with advance notice of meetings (including meeting reminders), agendas, supporting documents, and minutes. They will be provided with a board orientation, a board member handbook, and annual nonprofit board training on roles, responsibilities, boundaries, upholding

organization purpose and mission, understanding financial statements, fund raising, and effective meetings including reviewing Robert's Rules of Order.

While members may request to examine the Recovery House's financial documents and other operational records, resident files are protected by confidentiality laws and may only be accessed with a properly executed release of information form between the resident and the full Board of Directors – at no time may an individual board member seek such a release of information from a resident).

(See Appendix C for Confidentiality Policy).

### Board Member Expectations

The [XYZ Recovery House](#) Board of Directors meets approximately twelve times per year. All meetings are held in person. When in person attendance is not possible, arrangements may be made for participants to access the meeting via teleconference.

The meeting agenda (with supporting documentation) is sent to each board member via email at least 5 days before the meeting. Upon request, board members can have the agenda sent via USPS.

All board meetings will follow Robert's Rules of Order (parliamentary procedure). The schedule for the full year of monthly meetings will be set by the board before the end of the previous year. Regular and specially called meetings (which may be called by the Chair) will require 5 days' notice (date, time, and location of meeting) to all members. Any business to be discussed in the meetings must appear on the agenda and be accompanied by relevant supporting information; however, this requirement can be waived with a 2/3 majority vote of the board members who are present at the meeting. Regular and specially called meetings are "open meetings" where anyone can attend. However, the board may go into "closed session" to discuss sensitive matters such as purchase/sale of real estate, serious personnel matters, and litigation.

Board members may be asked to run for board offices (Chair, Vice Chair, Secretary, or Treasurer) or to serve on standing (executive personnel, bylaws, finance, etc.) and/or *ad hoc* committees.

### Board Committees

The Board of Directors has several standing committees. Members are encouraged to serve on at least one of these standing committees:

- Executive Committee – provides leadership; may be approved to act in place of the full board (however, the full board remains responsible for the Executive Committee's actions). This committee is responsible for the annual performance evaluation of the Executive Director. The four board officers comprise this committee.
- Finance Committee – responsible for reviewing the Recovery House's annual budget; advises on significant budget adjustments; appoints the audit committee.

- Audit Committee – selects an auditor, recommends the chosen auditor to the full board of directors for its approval; arranges for auditor to present finalized audit to the full board. If there are any audit findings or concerns, this committee will ensure that they are addressed and a corrective action plan is put in place.
- Personnel Committee – reviews personnel policies (including any amendments) in consultation with an employment lawyer and arranges for the policies to be presented to the full board for its approval.
- By-Laws Committee – reviews the bylaws and makes recommendations to the full board for any needed revisions.

As needed, ad hoc committees may be appointed by the Board of Directors, to address specific matters (for example fundraising and strategic planning). The Board Chair shall appoint all ad hoc committees.

### Board Self-Assessment

An annual self-assessment of the Board of Directors is recommended to be conducted by a committee appointed by the board chair. The self-assessment serves as a component of the Recovery House's Continuous Quality Initiative (CQI) and measure the Board of Directors' progress toward achieving its goals, general board functioning (meeting and committee attendance, training participation, and board communication), and other aspects of board performance that members desire evaluated. The Executive Director, and/or designee, will participate in the review by providing the committee with reports, documents, and other input requested by the committee. The committee will strive to acquire the participation of all board members and may use interviews, questionnaires, or a focus group to gather member input pertaining to board performance. Upon completion of the Self-Assessment, the Board of Directors implements an action plan in response to any areas of performance deemed to need strengthening.

## Board Terms and Officers

### Term Limits/Removal of Members/Filling Vacancies

Board terms, roles, responsibilities, and governance structure are established in the bylaws. For example, Board members of the XYZ Recovery House may serve two three-year terms (total of six years). Terms will be staggered so that there is a balance of new and returning members. Members who have reached the term limit may participate (as non-voting advisory members) on board committees if approved by a board vote. After a one year hiatus from the board, former members may seek reappointment to the board for two additional three-year terms.

If a vacancy occurs on the board, the new member who fills the vacancy will serve the remainder of the term with the option to serve for two additional three-year terms.

Members who fail to perform the expected duties of a board member may be removed with a majority vote of the full board. Such removal can be the result of:

- Excessive excused or unexcused absences from board and committee meetings
- Violations of the Board of Directors Conflict of Interest Policy
- Violations of the Recovery House’s Confidentiality Policy
- Failing to abide to the bylaws, articles of incorporation, or federal and state laws.
- Violations of any Board of Directors policies
- or for other good causes.

A director may only be removed by a majority vote of the full board.

### Officers

The Board of Directors Officers are the Chair, Vice Chair, Secretary, and Treasurer. The officers are elected by the full board (written ballot) and serve two year terms (unless the member’s original term expires prior to the two year officer term ending).

The **Chair** is the board’s primary representative but has no individual authority or power to act on behalf of the board unless specifically authorized by formal voting during an official board meeting. The Chair is responsible for presiding at all board meetings. The Chair may be designated by the board to have shared signatory authority with the Recovery House’s Executive Director (or other authorized employee signer) on checks, contracts, and agreements. The Chair may serve in a dignitary role representing the agency at press conferences, award ceremonies, check presentations and other ceremonial events. The Chair will also fulfill the role of “agency champion” and will be involved with program development, establishing partnerships, and gaining support from key stakeholders.

The **Vice Chair** serves as Chair in the absence of the Chair and may undertake other duties as assigned by the board.

The **Secretary** is responsible for administrative duties that ensure the smooth functioning of the board. Among these are confirming that accurate meeting minutes are taken, transcribed, and distributed to members in advance of the next meeting. The Secretary verifies that a system is in place for safely storing board minutes (hard copy and/or electronically) in perpetuity to document the actions of the board. The Secretary ensures that notices of board and committee meetings are provided in accordance with board policies and bylaws. The Secretary serves as Chair in the absence of both the Chair and the Vice Chair.

The **Treasurer**, working in cooperation with the Recovery House's accountant, is responsible for all funds of the organization. The Treasurer serves as Chair in the absence of the Chair, Vice Chair, and Secretary. The Treasurer serves as the Chair of the Finance Committee. All four officers serve on the Recovery House's Executive Committee.

## General Board Policies and Practices

### Code of Ethics

All **XYZ Recovery House** Board of Directors members will be presented with a written copy of the Recovery House's Code of Ethics during their orientation session. All members are required to read and sign that they agree to comply with the Code of Ethics throughout their involvement with the organization.

(See Appendix B for Code of Ethics).

### Diversity

The Recovery House board seeks to ensure that its composition reflects a diverse range of skills, knowledge, backgrounds, and experiences. A RH board benefits by placing emphasis on the recruitment of individuals, and their family members, with lived substance use disorder experience.

### Nepotism, Fraternization

No member of the Board of Directors may cause to be hired, nor supervise, any relative or other close relation (by blood, marriage, or adoption). All hiring decisions are based on the Recovery House's need and the applicant's knowledge, experience, and ability. Board members are not typically employees of the Recovery House and some bylaws may preclude employees being on the board with defined limitations such that it may be required that a person has been off the board for at least one year before being employed by the RH.

### Compensation of Board Members/Expense Reimbursement

No **XYZ Recovery House** Board of Directors members are compensated for voluntarily serving on the board.

Members of the board may be eligible to receive mileage reimbursement at the currently approved agency rate for attending official board meetings. If a member is traveling out of the area on official board business, pre-approved expenses involving travel and per diem are allowable in accordance with the agency's current travel reimbursement schedule. (The full board must pre-approve all out of area travel expenses for board members.)

## Political Activity

At no time may a board member make a political contribution on behalf of the Recovery House. The House, and its board members when serving in their capacity of representing the Board of Directors, shall be nonpartisan in political matters and will refrain from endorsing any candidate or party. No campaign signs, stickers, or other political materials will be displayed at the Recovery House. This includes signs displayed on agency owned or leased vehicles and yard signs. In cases of rental property, the XYZ House's Executive Director will negotiate a lease provision that protects the house from the property owner displaying political yard signs on the leased property.

Personal vehicles of staff, board members, volunteers, residents, and other visitors can bear political signage while parked at the Recovery House. Likewise, board members, staff, and volunteers are free to participate in political activity as individuals (but not as Recovery House representatives) at their own expense and while off duty from the Recovery House. At no time will board members, staff, or volunteers attempt to influence the political opinions of residents. However, they can be encouraged to register, become informed about candidates and issues, and vote (when they are legally eligible to do so).

## Executive Director

### Hiring and Evaluation

The Board of Directors is responsible for employing and supervising the Executive Director. The board is also responsible for annually evaluating the executive director's performance and setting their compensation. Conversely, the board is responsible for terminating an Executive Director for poor or lack of performance, violations of policies, or other significant professional indiscretions. The Executive Director's termination must be affirmed by votes of two-thirds of the full board.

### Duties of the Executive Director

The Board of Directors empowers the Executive Director to act as the Recovery House's Chief Executive Officer including expenditure of funds, entering into contracts, and developing procedures for routine operations that align with the policies set by the board. The Executive Director is responsible for day to day administration of the Recovery House. As the Recovery House's leader, the Executive Director procures, manages, and protects assets including the physical structure, and its image and reputation. Hiring, supervising, training, disciplining, and



terminating staff are key responsibilities of the Executive Director. Other high level duties of the Executive Director include:

- Program evaluation and reporting results to the board
- Program development (new and expanded programs and services)
- Controls Recovery House budget and monitors finances
- Ensures that accurate financial reports are presented at each board meeting
- Resource procurement (grant writing, fundraising, in-kind contributions)

The Board of Directors empowers the Executive Director to act as the Recovery House's Chief Executive Officer including expenditure of funds, entering into contracts, and developing procedures for routine operation that align with the policies set by the board. Out of respect for the role of the Executive Director in personnel management, board members are expected to follow the Recovery House's chain of command in resolving complaints and grievances. Staff members who approach any board member directly with their complaint or demand instead of working through the Executive Director will be considered insubordinate and subject to discipline. Board members who disregard the chain of command can be removed from the board.

## Appendices

### Appendix A Conflicts of Interest Policy

#### **CONFLICT OF INTEREST POLICY<sup>1</sup>**

##### **Article I -- Purpose**

1. The purpose of this Board conflict of interest policy is to protect the [XYZ Recovery House's](#) interests when it is contemplating entering into a transaction or arrangement that might benefit the private interests of an officer or director of the Recovery House or might result in a possible excess benefit transaction.
2. This policy is intended to supplement, but not replace, any applicable state and federal laws governing conflicts of interest applicable to nonprofit and charitable organizations.
3. This policy is also intended to identify "independent" directors.

##### **Article II -- Definitions**

1. **Interested person** -- Any director, 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 the Recovery House has a transaction or arrangement,
  - b. A compensation arrangement with the Recovery House or with any entity or individual with which the Recovery House has a transaction or arrangement, or
  - c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Recovery House is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial.

A financial interest is not necessarily a conflict of interest. A person who has a financial interest may have a conflict of interest only if the Board or Executive Committee decides that a conflict of interest exists in accordance with this policy.

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<sup>1</sup> This policy is based on the IRS model Conflict of Interest policy, which is an attachment to Form 1023. It adds information needed to allow the Recovery House to assess director independence in order to answer questions on Form 990.

3. **Independent Director** -- A director shall be considered “independent” for the purposes of this policy if he or she is “independent” as defined in the instructions for the IRS 990 form or, until such definition is available, the director –
  - a. is not, and has not been for a period of at least three years, an employee of the Recovery House or any entity in which the Recovery House has a financial interest.
  - b. does not directly or indirectly have a significant business relationship with the Recovery House, which might affect independence in decision-making.
  - c. is not employed as an executive of another corporation where any of the Recovery House’s executive officers or employees serve on that corporation’s compensation committee; and
  - d. does not have an immediate family member who is an executive officer or employee of the Recovery House or who holds a position that has a significant financial relationship with the Recovery House.
4. **Nonfinancial interest**—is a nonfinancial interest that might influence an officer’s, director’s, or committee member’s participation or vote in an action of the officer’s, director’s, or committee member’s duties:
  - a. The person’s relationship as an unpaid volunteer, officer or director of an organization that may be affected, directly or indirectly, by action to be taken, or not taken, by the Recovery House
  - b. The person’s personal, political, religious, friendship, or personal relationships which may be affected by an action to be taken, or not taken, by the Recovery House.

### **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 any financial interest and be given the opportunity to disclose all material facts to the Board or Executive Committee.
2. **Disclosure of nonfinancial interests.** Directors shall disclose nonfinancial interests generally in their annual statement, and specifically as individual interests arise. Nonfinancial interests are expected, and shall not be reviewed unless a Board member (including the affected member) requests that the interest be reviewed under the Conflict of Interest Policy
3. **Recusal of Self** – Any director may recuse himself or herself at any time from involvement in any decision or discussion in which the director believes he or she has or may have a conflict of interest, without going through the process for determining whether a conflict of interest exists.
4. **Determining Whether a Conflict of Interest Exists** -- After disclosure of the financial interest all material facts will be disclosed and reviewed, including discussion with the interested person. Upon request by a Board member the material facts of a nonfinancial interest will be reviewed, including discussion with the interested party. Then the potentially

conflicted Member shall leave the Board or Executive Committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board or Executive Committee members shall decide if a conflict of interest exists.

## **5. Procedures for Addressing the Conflict of Interest**

- a. An interested person may make a presentation at the Board or Executive Committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction, arrangement, or other matter involving the possible conflict of interest.
- b. The Chairperson of the Board or Executive 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 Executive Committee shall determine whether the Recovery House can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a financial conflict of interest.
- d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a financial conflict of interest, the Board or Executive Committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Recovery House'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.

## **6. Violations of the Conflicts of Interest Policy**

- a. If the Board or Executive 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 Executive 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 – Records of Proceedings**

The minutes of the Board 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's or Executive 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 who receives compensation, directly or indirectly, from the Recovery House 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 the Recovery House for services is precluded from voting on matters pertaining to that member's compensation.
- c. No voting member of the Board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Recovery House, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

#### **Article VI – Annual Statements**

1. Each director, principal officer, and member of a committee with Board delegated powers shall annually sign a statement which affirms such person:
  - a. Has received a copy of the conflict of interest policy,
  - b. Has read and understands the policy,
  - c. Has agreed to comply with the policy, and
  - d. Understands the Recovery House 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.
2. Each voting member of the Board shall annually sign a statement which declares whether such person is an independent director.
3. If at any time during the year the information in the annual statement changes materially, the director shall disclose such changes and revise the annual disclosure form.
4. The Executive Committee shall regularly and consistently monitor and enforce compliance with this policy by reviewing annual statements and taking such other actions as are necessary for effective oversight.

#### **Article VII – Periodic Reviews**

To ensure the Recovery House 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 (if reasonably available), and the result of arm's length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations, if any, conform to the Recovery House's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement or 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, the Recovery House may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring periodic reviews are conducted.

Appendix B Confidentiality Statement for Board and Committee Members<sup>2</sup>

It is the policy of the XYZ Recovery House that its board and committee members will not disclose confidential information belonging to or obtained through their affiliation with XYZ Recovery House to any person, including their relatives, friends, and business and professional associates, unless XYZ Recovery House has authorized disclosure. This policy is not intended to prevent disclosure where disclosure is required by law.

Confidentiality is the preservation of privileged information. Board and committee members are cautioned to demonstrate professionalism, good judgment, and care at all times in handling any information related to XYZ Recovery House to avoid unauthorized or improper disclosures of confidential information. While board and committee members are expected and encouraged to discuss the organization with one another and targeted publics, they shall not report opinions expressed in meetings, nor shall they report independently on committee action, or engage in any communication that has not been approved by the Executive Director or that would not be supported by board policy, procedures, or decisions.

At the end of the board or committee member's term or upon his/her retirement, resignation or removal from the Board of Directors or committee, he/she shall return, at XYZ Recovery House's request, all documents, papers, and other materials, regardless of medium, which may contain or be derived from confidential information, in his/her possession. It is expected that board and committee members (trustees and committee members), will not use trade secrets, client lists, or other confidential information acquired by virtue of being on the board or committee, even after they complete their service with XYZ Recovery House.

Certification:

I have read XYZ Recovery House's complete policy on confidentiality and the Statement of Confidentiality presented above. I agree to abide by the requirements of the policy and this statement and to inform the Board Chair immediately if I believe any violation (unintentional or otherwise) of the policy or this statement has occurred.

Signature \_\_\_\_\_

Printed Name \_\_\_\_\_ Date \_\_\_\_\_

Approved by the Board of Director on \_\_\_\_\_ (Date)

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<sup>2</sup> National Council of Nonprofits; Delphi Consultants, Inc.

## Appendix C Code of Ethics

Xx insert code of ethics

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