

Final Report of the Attorney General

Milford Mustangs Youth Football and Cheerleading Association

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This is the final report to the Board of Directors (Board) of the Milford Mustangs Youth Football and Cheerleading Association (MM) regarding the Board's response to the February 2011 Report (Report) issued by the Charitable Trusts Unit (CTU) of the Attorney General's Office.

The Report focused on improvements needed in governance and financial management, and included a timeline and monitoring schedule. The Report also established an Advisory Committee (AC) to work with the Board in achieving such improvements. The following identifies each topic discussed in the Report, the corrective measures taken by the MM to date, and CTU recommendations for future actions.

I. Board Training

The Report required each Board member to read the *Guidebook for NH Charitable Nonprofit Organizations* by March 31, 2011. In addition, each director was to attend at least four hours of training by July, 2011. The Board was also asked to develop and implement a plan for on-going annual board training and development.

A. Actions Taken

All Board members reported reading the *Guidebook* by the required date. In 2012 the MM developed an annual Board Calendar that includes two on-going training sessions. The first session includes a review of the organization's bylaws, code of ethics, handbook and policies and procedures. The second session reviews budgeting, fundraising and financial reporting. The President presented the first training at the February, 2012 Board meeting.

B. CTU Recommendations

Although the Board did not meet the deadlines established for training in 2011, the CTU recognizes the efforts made to date of this volunteer organization. The two annual training sessions provide an excellent opportunity to educate Board members about MM's governing documents and financial position. In addition, we suggest that the Board provide each new Board member with a notebook that includes the prior year's meeting minutes, the bylaws, all approved policies and procedures, and the annual Board Calendar. A copy of the *Guidebook for NH Charitable Nonprofit Organizations* should also be provided (or a link to the *Guidebook* located on the CTU's website).

We encourage the Board to conduct its second training session as soon as possible, and to continue to provide these and other trainings each year. While self-led trainings for the entire Board are important and useful, they do not replace trainings led by outside sources, such as the New Hampshire Center for Nonprofits, and other resources. These types of trainings bring new perspectives to the organization, and develop future leaders. Board training is the most effective way to ensure that new members will be prepared to lead the MM in the future. We encourage the Board to include funds in the annual budget to support this important effort.

II. Advisory Committee

The Report required the Board to work with an AC established by the CTU. This committee was formed in May, 2011 and included Chairperson Joe O’Neil, Vice Chairperson Tim Barr, and Secretary Katie Chambers. The AC met sixteen times over the past year, in addition to attending various MM Board meetings and meetings with the CTU. The AC worked with the Board to draft board policies (see item A below) and changes to the bylaws regarding elections, candidate qualification requirements, and determination of members in bad standing. They provided assistance and advice regarding financial reporting, bookkeeping, and development of the annual budget.

A. Board Policies

The policies developed by the AC and Board address the following topics:

1. Scholarships
2. Withdrawal/Refund Requests
3. Waivers
4. Parent Code of Conduct
5. Concession Stand Inventory and Equipment Inventory
6. Cash Management (concession stand)
7. Annual Board Calendar

The drafts were presented to the full Board for approval and posted on the MM’s website (with the exception of the Concession Stand Inventory/Equipment policy which is being finalized, and the Annual Board Calendar which is maintained by the Board Secretary).

B. CTU Recommendations

As evidenced by the above, the work done by the volunteer members of the AC was incredibly helpful. The AC issued its final report in May, 2012, and the CTU thanks the AC members for their commitment and their

accomplishments. The CTU also commends the Board for its cooperation and willingness to work with the AC in developing thorough policies which benefit the MM.

The policies for concession stand inventory, cash management and equipment inventory should be posted on the MM's website as soon as possible. All policies should have the date of the Board's approval and date of amendment when that occurs, printed on them so that users can determine if they have the most current version.

As the Board knows, the continued responsibility to maintain these policies as vital and effective falls to it. The policies will only continue to strengthen the Board and the organization if they are used and updated as needed. By posting the policies on the MM's website, the MM, parents of MM's participants, and the public are assured that the Board conducts itself in a fair, consistent and transparent manner. Policies should be periodically reviewed to ensure they are up to date.

III. Bylaws and Election Procedures

A. Actions Taken

As noted above, the Board reviewed and revised certain sections of the bylaws concerning membership and the election process for Board members.

B. CTU Recommendations

The Report urged the Board to amend the bylaws to establish term limits for Board members. The Board chose not to accept this recommendation. While the CTU supports the changes that were made to the bylaws, it continues to recommend that the Board initiate term limits for its members in order to encourage new leadership within the organization. This is a recommendation that the CTU makes to all charitable boards and is not specific to the MM. Directors who reach their term limit can move into other critical positions that strengthen the organization, and then could return to the board after a period of time. There are many ways to keep key people involved with an organization while still allowing new leaders to surface and make their contributions.

IV. Financial Reporting/Internal Controls

A. Actions Taken

The Board promptly purchased a computer and financial software as the Report recommended. The Board accomplished many of the other reporting requirements, including the following:

- Approval of an annual budget for 2011 and 2012
- Submission of quarterly and year-end financial statements to the CTU for 2011
- Filing of all past due and current federal and state reports.

B. CTU Recommendations

Bookkeeping and financial reporting are always a challenge for small charities with limited budgets. Finding volunteers willing to accept the position and associated duties can be difficult. This has been true for the MM for some time.

Despite these difficulties, the MM are currently up-to-date on all reporting requirements. However, it continues to be a struggle to get timely and meaningful reports to the Board on a quarterly basis. At present the Treasurer's position is vacant and the Board President is performing the Treasurer's duties.

The Board recognizes the problem and is working to recruit a Treasurer who can perform the related duties which include: paying invoices, reconciling bank statements, entering transactions into Quickbooks, and preparing periodic financial statements for the Board. The Board is also working with a local accountant to determine what paid services could be provided given the MM's limited budget. It may be easier to recruit a volunteer to serve as Treasurer if some of the accounting duties are performed by an accountant.

The CTU issued a summary report in February, 2012 on MM's 2011 operating results. That report included recommendations and the CTU encourages the Board to refer to those as it works to improve both the financial reporting and the financial condition of the organization. As noted in that report, the MM ended 2011 with a small loss and no cash on hand. The CTU believes that with timely and accurate financial reporting, the Board would have responded and addressed the shortfall. The CTU encourages a qualified individual to seek the Treasurer's position in order to assist the MM as it continues to improve as an organization.

V. Fundraising

A. Actions Taken

The Board approved an aggressive fundraising budget for 2011, with a goal of \$24K. The MM did not meet that goal, but did raise \$15K. The budget for 2012 is \$21K. The MM are well on their way to achieving this goal, with over \$10K raised in April. The MM have a new Fundraising Director who intends to update the Board each month on fundraising results. The Fundraising Director has added outside people to the committee and has generated a list of new ideas for meeting this year's goal.

B. CTU Recommendations

We have no further suggestions to offer regarding fundraising, other than to encourage the Board to monitor and enthusiastically support all fundraising efforts. Fundraising accounts for more than 40% of MM's income, and thus demands a great deal of the Board's attention.

VI. Policies and Procedures for Scholarships/Waivers/Refunds

(See Advisory Committee/Section II)

VII. Future Board Work

We hope the Board will continue to use the same process used with the AC to develop policies as new issues arise. Topics and policies the Board may want to consider include:

1. Reports to Members – policies to define what information the Board will provide to members and post on the MM's website, including possibly items such as financial statements, fundraising results by event, annual enrollment, number of scholarships awarded, number of waivers approved, and other topics of interest to members.
2. Financial Reporting – a policy that defines the reporting duties of the Treasurer, including the types of reports to be presented to the Board and their frequency, federal and state filing requirements, and duties associated with preparation of the annual budget
3. Authorization Policy – a policy defining check signing authority, using credit cards, and purchasing/reimbursement procedures

4. Website Policy – a policy defining who is responsible for keeping the website organized with the most current information and documents, calendars, volunteer recruitment needs, meetings, and events.

Conclusion

The improvements made by the MM over the past 18 months were accomplished because the Board has a sincere interest and commitment to the MM's success. As a result, the Board was willing to work with the AC to develop policies and procedures that, if followed, will continue to move the MM into a solid future. The CTU knows that the Board will work to institutionalize the improvements made through its practices. We fully expect that the Board will address future issues with the same type of process used with the AC.

In addition to any charitable Board, members also help keep an organization's governance strong by asking questions, attending meetings, and most importantly volunteering to support the organization, either by running for a board seat, or helping with events and fundraising. To that end, we encourage the MM's Board to focus on strategies that will bring parents and members of the community into the organization in all areas. Such strategies should focus on easy-entry and time-limited opportunities for new-comers.

With a strong Board and support from members and the community the Milford Mustangs will continue to meet their mission to provide youth with opportunities to participate in team sports.