

VIS® CONNECTIONS

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We are happy to provide you our publication for nonprofit risk managers, as part of our service to you. The titles in the contents section link directly to their articles, so you can navigate quickly. If you need to change the email address to which this is sent, please send your instructions to our [Communication Department](#). Be sure to include your name, organization and address. You also are welcome to call us at 800.468.4200 for assistance.

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From all of us at VIS, happy holidays

Whether you have been part of our Volunteers Insurance Service program for over 40 years or just a few weeks, we want you to know we appreciate having you with us, and hope that you will have a great holiday season and New Year. We also appreciate the work that you do to improve the lives of individuals and improve your communities.

We are glad to be part of *your* community. We hope our insurance programs, and every issue of *VIS Connections*, will continue to help you as you carry out your mission. Please remember that any time you need help on any insurance matter, we are happy to hear from you.

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Form 990 will apply to more nonprofit organizations in 2010

The Internal Revenue Service each year is lowering the threshold at which nonprofit organizations must file a detailed Form 990, as opposed to the shorter Form 990-EZ. For the 2009 tax year, organizations with at least \$500,000 in gross receipts *or* assets of \$1.25 million must file Form 990. (Previously, the threshold was \$1 million, or \$2.5 million in assets.) As shown on the chart below, the threshold will be lowered again for 2010.

Last year, the IRS revised Form 990 to require more detail on the organization's accomplishments, expenses compared to revenues, fundraising, governance, and mission. Penalties of up to \$10,000, or five percent of gross receipts, can be imposed for failure to file the correct form, or provide complete information.

TAX YEAR	GROSS RECEIPTS	ASSETS
2009	> \$500,000 or	>\$1.25 million
2010 and later	> \$200,000 or	>\$500,000

In contrast to the Form 990, the 990-N is an electronically filed "postcard," in which nonprofit organizations with less than \$25,000 in receipts are required to confirm annually their contact information, and the fact that receipts remain under the threshold. Failure to file the "postcard" three years in a row results in automatic revocation of tax-exempt status.

More information is available at www.irs.gov/charities, and at the IRS's special compliance Website for nonprofits, www.stayexempt.org.

Suggestions for a social-media policy for employees

The "Web 2.0" world of Facebook, LinkedIn, and other networking sites; wikis; blogs; discussion groups; podcasts; "viral" marketing, etc. is expanding exponentially. Even if you are not already engaged in it, your employees might be. There are opportunities and rewards in social media for individuals and organizations, but there also are risks. A formal social media policy can help manage those risks.

If you intend to *encourage* employees to blog or otherwise use social media on behalf of the organization, you need a comprehensive strategy with specific responsibilities, training, and

supervision. Also, you likely need a media liability insurance policy or other specialized coverage. The remainder of these suggestions pertains to what employees do on their own time.

- State that your social media policy is concurrent with your Internet usage policy, and any policies concerning privacy, nondisclosure, ethics, etc. Your Internet policy probably confirms that you can monitor any messages sent or received within your organization's own communication systems. Make the same point with respect to using your systems for social media access.
- Have employees acknowledge that they have read and understand your policy, and agree to it as a condition of employment.
- Tell employees that, if they publish anything about your organization, they must note that they are employed there, and that their views are entirely their own. No logos or corporate trademarks may be displayed, because doing so creates the impression that the employee is speaking for the organization.
- Emphasize the risks of online publishing, including the risk of disclosing confidential information. Information that hasn't been released by the organization itself shouldn't be released by any employee. If in doubt, employees should check with their supervisors, or other designated person.
- Employees are liable for what they publish. They can be sued for libel, plagiarism, copyright infringement, invasion of privacy and other offenses. Tell them that if they publish words or images that are embarrassing or harmful to your organization, they will be disciplined. (However, be aware that federal and state laws afford some privacy in communications that take place in social media, outside the workplace.) Employees always should be respectful in what they say about the organization, other employees, volunteers and everyone else. Each employee should check information that others post on his or her blog, social networking site, etc., and delete anything inappropriate.
- Tell employees not to disclose anything that would allow personal information to be compromised. A name and birth date can be enough for identity thieves, with Web crawling applications, to triangulate their way to sensitive personal information. Beware of "phishing" emails, and malicious software. Review privacy settings on your social-networking site to minimize the risk of this kind of invasion.
- Point out the importance of checking facts before publishing, attributing information properly, and making sure that opinion is presented as opinion, and not as fact. Online publishers should indicate how they can be contacted. While some bloggers publish anonymously, doing so can make it easier to prove malice, in defamation or invasion-of-privacy cases.

Board minutes basics

Good minutes of the board of directors meeting can take a variety of styles, and levels of detail. But there are certain “key ingredients” that all minutes should have, in order to provide an intelligible history of the organization’s activities, and serve as an effective tool for managing the organization going forward. The following guidance is from *Nonprofit Issues* (www.nonprofitissues.com), prepared by the Philadelphia law firm of Montgomery, McCracken, Walker & Rhoads.

Date, time, location and type of meeting (e.g., regular, annual, special) – If notice of the meeting was required by your bylaws, attach a copy of the actual notice, with a brief explanation of how it was disseminated. This information, in conjunction with the bylaws, can establish that the meeting was properly called.

Attendance – Names of all attendees, and names of any board members who did not attend. If the bylaws require that absences be excused, indicate whether any absences were excused or unexcused. The attendance record establishes that there was a quorum, and can help clarify whether a particular individual participated in a board action. If someone leaves in the middle of the meeting, the minutes should record the point at which he or she left.

Discussions – It is often difficult to decide what to include, and omit, in lengthy discussions. At a minimum, the minutes should indicate whether an agenda item was addressed or not. They should describe any agreement on action that will be taken (for example, a committee agreed to meet on an issue), whether or not the issue being discussed was on the agenda. Also, any new information presented to the board, even in a casual way and even if immediate action is not required, should be mentioned. It might become important later.

The gist of each discussion should be recorded, although it is not necessary to go into detail, or to indicate which board member said what.

Actions – Recording actions of the board is critical. If resolutions drawn up before the meeting were adopted or rejected, the action can be noted in the minutes, with the resolutions attached, or the resolutions can be incorporated into the text of the minutes. When resolutions or motions are being considered, it can be helpful to the board if the person taking the minutes reads the exact wording of the motion *before* the vote is taken.

If the vote was unanimous, the minutes should reflect that. If not, the names of those voting for and against, or abstaining or dissenting, should be listed. This can be crucial for an individual director who seeks to associate or disassociate himself or herself with a particular board action, or establish that he or she abstained because of potential conflict of interest. In many states, directors are assumed to have agreed to board actions unless their dissent is noted in the minutes.

Special procedures – For example, if a “supermajority” is required for certain actions because of bylaws or state laws, the minutes should reflect that the requirement was met. If an action is linked to the action of another organization, the minutes should mention that the other organization’s action was taken appropriately, and evidence of that action should be attached.

Approval – The minutes should be approved, as read or as corrected, at the next meeting of the board. The secretary of the organization is responsible for making certain that the minutes accurately reflect what happened at the meeting – even if the taking of minutes was delegated to someone else.

Chubb loss prevention guidelines

As noted in the previous issue of *VIS Connections*, Chubb Group has published “Loss Prevention Guidelines For Independent Directors,” a 40-page document covering a variety of topics applicable both to for-profit and nonprofit boards of directors. Topics include the role of independent directors, selection of directors, committee service, and best practices for effective meetings, executive sessions, “playing the skeptic,” investigating warning signs, recordkeeping and document retention, legal compliance, and more.

A number of *VIS Connections* readers have requested a copy of the guidelines. If you would like a copy emailed to you as a PDF document, please email your request to our [Communication Department](#).

VIS Commitment

Volunteers Insurance Service is committed to providing its members a complete resource for the nonprofit organization’s risk management needs. Our services include:

- Publishing *VIS Connections* as one of our information resources for members;
- Maintaining for members’ use a library of information relating to management of risks in the nonprofit organization;
- Researching available and appropriate insurance relating to volunteer activities;
- Designing and administering insurance programs, and compiling underwriting information;
- Providing consultation on risk management issues at no additional charge to our members, via a toll-free line (800.468.4200);
- Assisting members, on request, with matters relating to insurance.

Insurance and administrative services are provided to VIS® and its members by The CIMA Companies, Inc. and/or one of its affiliated companies.

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