

Guiding Principles for the DC Central Kitchen and the Campus Kitchens Project Board of Directors

These Guiding Principles outline the role of the Board of Directors for the DC Central Kitchen (DCK) and the Campus Kitchens Project (CKP) (collectively, “the Kitchen”). A successful and productive Board of Directors is one that works closely with the Chief Executive and Staff to serve the missions of the Kitchen. As the Kitchen’s diverse Board is meant to reflect the community it serves, spirited debate is expected and encouraged, along with thoughtful inquiry of ideas, and courageous statements of values. By supporting these values in a framework of clear expectations, transparent information sharing, professional respect, and rigorous standards of integrity, the Kitchen can sustain and grow a partnership that benefits the Board, our organizations, and, most importantly, our shared community.

The following are expectations of Board and Staff, respectively:

What the Board Can Expect of the Staff:

1. Timely and accurate updates on key operational and programmatic activities with a level of depth and strategic insight necessary to satisfy the Board’s need for context and detail in making informed decisions;
2. Timely, complete, and transparent financial reports and updates on a regular basis;
3. Clear and concise communications with the Board that is supportive, useful and respectful of time and resources;
4. Support for Board members in carrying out their responsibilities in ways that are helpful to each specific Board Member;
5. Any necessary background information and support to help in development/fundraising efforts;
6. Concrete, relevant opportunities for each Board member to be involved with the organization, with ample notice of and reasonable deadlines for the completion of any time-sensitive support;
7. A detailed calendar of events at the beginning of the year with timely revisions as necessary.

What the Staff Can Expect of the Board:

1. Fulfillment of all governance-related responsibilities as required by law and outlined in these Guiding Principles;
2. Attendance at all Board Meetings (in-person held quarterly on Tuesdays from 3-7 pm). As the schedule of Board meetings is provided in advance on an annual basis, attendance at all Board meetings is expected unless an unforeseen and unavoidable conflict occurs;

3. Attendance of at least four other Kitchen events each year, which could include CJT graduations (held at least four times per year), Cook Offs (four per year), fundraising events, donor appreciation events, and other events as scheduled;
4. Active service on at least one Committee;
5. Prompt review of and responses to all communications sent from Staff and Board members;
6. Preparation for Board meetings by reviewing the Board Report, financial documents, and any other materials provided by Staff; similarly prepare for Committee meetings and contribute to those meetings with your expertise, knowledge and experience;
7. Recommendations of potential new Board Members during your Board term;
8. A financial gift of “personal significance” each year from personal funds, placement of the Kitchen in the top three of your individual giving portfolio, and introduction of at least one new potential donor from your personal network to the Kitchen.

REVEVANT LEGAL REQUIREMENTS OF BOARD MEMBERS

Obviously, Board members are required to fulfill their obligations to the Kitchen in accordance with the law. Both federal law (tax laws promulgated by the Internal Revenue Service) and D.C. law apply.

Federal law: Despite common assumptions to the contrary, the IRS says very little about the role of boards in 501(c)(3) organizations. Tax law does not mandate particular management structures, operational policies, or administrative practices. Instead, the federal government’s interest in “governance” lies mostly in encouraging nonprofits to have:

- a clearly articulated mission that is adopted regularly and approved by the Board;
- organizational documents that provide the framework for the organization’s governance and management;
- a board that includes individuals who not only are knowledgeable and engaged, but selected with the organization’s needs in mind;
- board composition that represents a broad public interest and does not misuse charitable assets;
- clear policies regarding executive compensation, conflicts of interest, investments, fundraising, documenting governance decisions, document retention and destruction, and whistleblower claims;
- board procedures, either directly or through a board-authorized committee, that ensure that financial resources are used to further charitable purposes and that the funds are

appropriately accounted for by reviewing up-to-date financial statements and any auditor's letters or finance and audit committee reports;

- public record of the organization's Form 1023 exemption application, Form 990, and Form 990-T;
- a procedure to adopt and monitor the Form 1023, Form 990, Form 990—T, annual reports, and financial statements.

Local nonprofit law: The critical provisions of the D.C. Nonprofit Corporation Code – the prevailing authority governing this Board's activities – address:

- Number and classes of directors
- Election
- Terms and term limits
- Resignation and removal
- Vacancy
- Meeting schedules
- Notice for special meetings
- Quorum
- Unanimous consent
- Standards of conduct
- Liability of directors
- Board committees
- Board designated bodies
- Board advisory committees
- Officers (number, duties, appointment, standards of conduct)
- Indemnification
- Loans to officers or directors
- Conflict of interest transactions
- Amending governing documents

The full text of the DC Nonprofit Corporation Act can be found at <http://www.asaecenter.org/files/New%20DC%20Nonprofit%20Corporation%20Act.pdf>.

THE KITCHEN'S BOARD MODEL

The Kitchen has always prided itself on being a leader in transparency with its financials, operations, programs, and governance. To that end, the Kitchen employs a board model that is compliant with all applicable legal requirements and, more importantly, with accepted best practices in the sector. Just as the organization is a national leader in the nonprofit sector in terms of programming, the Board should be regarded as a leader in governance, transparency, and efficiency.

The Kitchen's Board of Directors has two functions and works under a dual model of **Governance and Support**.

Governance

Much of the governance function of the Board is defined by its legal obligations, as outlined above. In its role as the governing body of the organization, the Board, in conjunction with the CEO, is responsible for the ultimate management direction of the organization. The Board is responsible for policy making, while officers and employees are responsible for executing the day-to-day management decisions necessary to implement Board-made policy.

The Board has three basic oversight responsibilities: (1) Fiduciary oversight; (2) Ensuring mission integrity; and (3) Hiring, review, support of and, if necessary, termination of the Chief Executive.

Fiduciary Oversight: In the eyes of the law, a nonprofit board's most important legal duty is to set governance policy and prudently oversee the affairs of the nonprofit. This does not mean managing day-to-day affair, which is the job of paid professional staff. The Board establishes policy and then delegates authority to implement such policy at different levels — to officers, committees, task forces, and staff. However, the ultimate responsibility for actions (or inactions) of any nonprofit as a legal entity rests with its board.

The Kitchen's Board has a well-established Finance Committee that is chaired by the organization's Treasurer. In addition to meeting regularly to review the organization's finances, this Committee is responsible for reviewing and vetting the organization's annual budget and presenting it to the full Board at a regularly scheduled meeting.

Both volunteer Board members and employed Staff have fiduciary duties to the organization, including duties of care, loyalty and obedience.¹ This means that they are required to act reasonably, prudently and in the best interests of the organization; avoid negligence or fraud; and avoid conflicts of interest. In the event that the duties of care, loyalty, and/or obedience are breached, the person breaching the duty is potentially liable to the nonprofit for any damages caused to the nonprofit as a result of the breach. These fiduciary duties apply even to those who only serve a particular committee, task force, division, or other segment of the nonprofit.

Ensure Mission Integrity: All nonprofits need to be mindful of "mission creep," that is, veering too far from the mission, as it is expressed in the organization's exempt certification issued by

¹ For a more detailed explanation of these duties, see Appendix I.

the IRS. The Kitchen's Board has established a Program Committee that reviews and vets with Staff any major new programming ideas or large projects. Once review is completed and the Committee determines it is in the best interest of the organization to move forward, the Committee presents its findings and recommendations to the full Board. The Board then has the opportunity to discuss the issues, ask questions and raise any concerns before a full vote of the Board is taken.

Hire and Annually Review the Chief Executive: This is an area that is so important that on the Form 990 the IRS asks if the process used to determine compensation of the CEO included a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation process.

The Kitchen's Executive and Governance Committees have a process in place for this review. Once these Committees make findings, they are shared with the full Board.

Support

Every Kitchen Board member brings unique skills, expertise, and personal or professional experiences that will benefit the Kitchen and impact the mission in a positive way. This is designed to create an active, engaged Board that not only is mindful of its governance responsibilities, but one that acts as advocates for and consultants and resources to the organization. Directors may be asked at various times over the course of their terms to weigh in on specific matters or contribute expertise to specific projects. The needs of the organization and timing of these "asks" will determine when this happens and are unpredictable. Each Board member should understand that levels of engagement will naturally tend to ebb and flow over the course of his or her tenure.

While some organizations see their board of directors simply as a fundraising board – a "give, get or get off board," since its inception the Kitchen has chosen not to employ this model. Organizations that do function in this way will most often then have a secondary "advisory board," to act as support for the staff and advocates for the organization. This dual paradigm is antithetical to the inclusive and community-based ethos of the Kitchen and is perhaps an antiquated remnant of the old "nonprofit as charity" model that the Kitchen eschews.

The Board supports the Kitchen in at least three distinct ways: (1) Strategic thinking and consultation; (2) Development; and (3) Advocacy.

Strategic Thinking and Consultation: Part of the Board's support role is fulfilled in the strategic thinking process that the Kitchen engages in on a regular basis, as well as periodically reviewing the status and future goals of the organization. This requires that every Board member be in tune with the organization's mission, philosophy, and programming, which cannot be achieved merely by attending quarterly meetings.

Each Director makes a simple commitment to read and respond, when appropriate, to emails sent from the organization. Prior to each Board meeting, each Director reviews the Staff provided informational summary of the previous quarter's programming highlights and challenges. Much of this information will not be covered in the Board meetings, so it is imperative that each Director take the time to read this information. The material in these reports should inspire

questions that can be discussed in greater detail at the general meetings as well as in one-on-one communications, interactions, and collaboration between individual Board members and Staff.

Finally, it is vital that Directors attend some of the many programmatic events the Kitchen holds on a regular basis, such as the quarterly student cook-offs and graduations of the Culinary Job Training Program. These events provide insight into the outcomes of Kitchen programs and offer low-barrier opportunities to introduce friends, family, and colleagues to the organization and engage them in the mission.

Development: Directors should make an effort to bring people they believe may be inclined to support the Kitchen financially for a tour of the Kitchen and a conversation about its work. This engages the Board in *development* work as opposed to traditional fundraising. The Kitchen's development team is very adept at evaluating prospects and will always be respectful of individual relationships. While evaluating and cultivating prospective donors is the job of the Development staff, there may be situations when a Board member will be in a position to influence a company, organization, colleagues, or friends to support the Kitchen; support which is sometimes needed and always welcomed.

Each Director also has a personal financial obligation to the Kitchen. Many foundation grant applications now ask what percentage of the board contributes financially to the organization. Further, the IRS asks on the Form 990 if 100% of the board contribute financially. It is extremely important that the Kitchen can answer "100%" to foundations and an unqualified "yes" to the IRS. To these ends, each Director is asked to make an annual contribution of "personal significance," a gift that is separate from as the purchase of tickets to one of the Kitchen's annual fundraising events or bidding on an auction item at one of those events. Sponsorships for these events, however, *are* an appropriate way to make this individual gift of personal significance. Additionally, each Director is asked to prioritize the Kitchen as one of his or her top three giving recipients for each year of service on the Board.

As the Kitchen continues to expand its reach and increase its impact in our community and across the nation, its budget has dramatically increased, particularly since 2010. While over 60% of the Kitchen's annual budget is achieved through earned income from its social enterprise portfolio, it will always have significant development and fundraising goals to meet. The Kitchen has an active Development Committee that works closely with the development Staff; however, it is important that every Board member also consider development a part of his or her responsibility to the organization. Some Board members may be better positioned than others to make personal or corporate investments, but everyone has the ability to reach out to friends in the community and help the Kitchen meet and exceed annual goals.

Advocacy: Directors are uniquely positioned to be the organization's most ardent and effective advocates in the community. It is hoped that the commitment of the Board to the organization and involvement with the work of the Kitchen will instill a sense of pride to be shared with family, friends and colleagues in your neighborhoods, communities and places of work. The more people know about the Kitchen and understand not only its work but the *why* and *how* of that work, the better the Kitchen will be able to serve the mission. Graduates of the Culinary Job Program who now work in the Kitchen are often described as "living, breathing empowerment billboards." Each and every DC Central Kitchen Board member has the joyous opportunity to be that billboard as well.

Appendix I

Directors' Duties of Care, Loyalty and Obedience

Duty of Care

This duty is very broad, requiring officers and directors to exercise ordinary and reasonable care in the performance of their duties, exhibiting honesty and good faith. Officers and directors must act in a manner which they believe to be in the best interests of the nonprofit, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. The “business judgment rule” protects officers and directors from personal liability for actions made in poor judgment as long as there is a reasonable basis to indicate that the action was undertaken with due care and in good faith.

Duty of Loyalty

This duty encompasses a duty to avoid conflicts of interest and to provide undivided allegiance to the nonprofit’s mission. A conflict may exist when an officer or director participates in the deliberation and resolution of an issue important to the nonprofit while the individual, at the same time, has other professional, business or volunteer responsibilities outside of the nonprofit that could predispose or bias the individual one way or another regarding the issue. In these situations, it is typically not enough for the individual to be aware of the conflict and to attempt to act in the nonprofit’s best interests despite the conflict. On the contrary, for many conflicts, full disclosure to the organization and refraining from participation in the organization’s deliberation and resolution of the issue (i.e., recusal) are required to remedy the conflict.

Duty of Obedience

This duty requires officers and directors to act in accordance with the organization’s articles of incorporation, bylaws and other governing documents, as well as applicable laws and regulations.