



NMC²E² Operating Guidelines

Budget

1. The Executive Board will develop an annual budget, as stated in the by-laws.
2. The Consortium should provide input to the Executive Board regarding income and anticipated expenditures. Items for budget consideration include, but are not limited to travel reimbursement to regional and national professional development meetings, cost of the annual NMC²E² dinner, refreshments for quarterly meetings, and gifts/honoraria, travel cost for bringing students to Public Service Career Service events, travel costs for presenters (professional development speakers), and Consortium supplies.

Membership Fee Structure

1. Individual: \$50.00
2. Organizational (up to five members): \$200.00.
3. Affiliate (non-voting): \$50.00
4. The Treasurer is responsible for tracking membership and issuing invoices for payment. Invoices will be sent one month prior to the due date.
5. Membership is due on anniversary date (one year after initially joining and each year thereafter).

Purchases by/for NMC²E²

1. All purchases must be pre-approved by the voting members or by two or more members of the Executive Board.

2. Dual signatures are required for all purchases.
3. Member(s) must submit qualifying receipts for reimbursement to the Executive Board within one month of purchase.
4. Guidelines for Annual Member Dinner

The annual member dinner is a means of thanking Consortium members who have actively supported NMC²E² over the past year. The event is usually held in December in conjunction with the winter quarterly meeting of members.

As outlined in Section I, "Budget," the Executive Board, with approval of the general membership, will designate, in a separate line item of the annual operating budget, a maximum dollar amount to be spent on the annual member dinner. This expenditure will be based on a set dollar amount per dues-paying member. Individual members will pay for their own alcoholic beverages and any meal costs that exceed the previously approved per-member expenditure.

Professional Development Financial Support

The sum of \$600 has been budgeted for professional development assistance. Changes to the amount budgeted must be approved by the members/Executive Board.

Consortium members whose institutions cannot or will not provide financial support to attend professional development events (conferences, etc.) and who have been members of the Consortium for at least one year are eligible to receive up to \$200 in financial assistance from the Consortium. Financial support is on a reimbursement basis unless otherwise approved by the membership/Executive Board. No more than one award per fiscal year will be made to a member. The member requesting assistance must provide the following information in writing to the Executive Board:

- Copy of the event program and/or a copy of the registration form.
- Explanation of how attendance at the event will enhance the member's professional development
- Description of how the award will affect the member's ability to attend

In requesting and receiving financial support, the member agrees to provide an oral report at the first quarterly meeting following attendance at the professional development event. Requests made between May 15 and June 15 for the upcoming fiscal year will be given priority by the Executive Board. Requests after June 15 will be considered on a first-come, first-served basis as long as budgeted funds have not been exhausted.

The Executive Board will determine as a group which regional or national meetings should be supported by NMC²E² funding for member participation. The following are examples of organizations that offer professional development opportunities related to the mission of NMC²E².

Cooperative Education and Internship Association (CEIA)
Mountain and Pacific Association of Colleges and Employers (MPACE)
South West Association of Colleges and Employers (SWACE)
National Association of Colleges and Employers (NACE)

Member(s) must submit qualifying receipts for reimbursement to the Executive Board within one month of travel. A reimbursement check will be issued to the member as soon as possible, but no later than one month after submitting receipts to the Executive Board. Reimbursement check(s) will require two signatures of Executive Board members.

501 (c)(3) Status

Effective July 6, 2005, The New Mexico Consortium of Career Educators and Employers was granted Nonprofit Corporation Status. With this status come certain rights and responsibilities as follows:

- The organization is qualified to receive tax deductible gifts and is exempt from tax on purchases. The Employer Identification Number (20-1904344) must be produced at time of purchase to receive tax exemption.
- Names of newly elected Executive Board members shall be reported by the Treasurer to both the New Mexico Attorney General's Office/Registry of Charitable Organizations and The U.S. Internal Revenue Service at the following addresses:

Attorney General of New Mexico
111 Lomas Blvd. N.W. Suite 300
Albuquerque, New Mexico 87102
Attn: Charitable Organizations

Internal Revenue Service
Director, EO Rulings & Agreements
P.O. Box 2509
Cincinnati, OH 45201

The name of the Consortium and Employer Identification Number must be given whenever communicating with the IRS or Attorney General's Office.

- Each newly elected board member (generally in December of each year) shall be provided with and read a copy of the New Mexico Guide to Board Members of Nonprofit Charitable Organizations. See Addendum A.
- All elected board members shall be provided with and read the Consortium's Conflict of Interest Policy, found in the attachment to Application for Recognition of Exemption Under Section 501 (c)(3) of the Internal Revenue Code, Part V, 5a. A Conflict of Interest Statement shall

be signed annually by all elected members of the Executive Board, as specified in the Policy. The signed form shall be submitted to the IRS at the address listed above. See Addendum B.

- Reporting requirements:
 - i. Total Revenue less than \$25,000 – Annual report to Attorney General’s Office/Registry of Charitable Organizations
 - ii. Total Revenue more than \$25,000 – IRS Form 990
- The Treasurer shall be the keeper of all records related to the Consortium’s 501 (c)(3) status and is responsible to filing all required reports.
- Accountant Representing NMC²E²
 - Lisa J.O. Willman, CPA
 - 1744 S. Triviz Drive
 - Las Cruces, NM 88001
 - (505) 522-3882

ADDENDUM A

CHARITABLE ORGANIZATIONS

New Mexico Guide To Board Members of Nonprofit Charitable Organizations

Dear Board Member:

Thank you for serving as a board member of a nonprofit charitable organization. The generosity of New Mexicans funds crucial programs provided by arts and cultural organizations, churches, environmental groups, schools, hospitals, and other social service agencies. Our quality of life is dependent upon the many volunteer directors who are willing to give their time and talents to govern these charitable organizations.

Although charitable organizations vary greatly in size, structure, and mission, there are a number of key principles that apply to board service for all charities. This guide is provided by the Attorney General's Office to assist board members in understanding and performing these important duties. But this is only a guide and cannot suggest the exact manner in which board members must act in all situations. Specific legal questions can only be answered with the assistance of a competent attorney working on behalf of the organization. Nevertheless, I believe this guide will give you the big picture view of what your legal duties are as a board member of a charitable organization.

Active participation in charitable causes, both as a donor and as a board member, is critical to improving the quality of life for all New Mexicans. On behalf of the public, I appreciate your dedicated service.

PATRICIA A. MADRID
ATTORNEY GENERAL

DIRECTOR OR TRUSTEE: THEY'RE NOT HONORARY TITLES

Charitable organizations recruit board members for a variety of reasons. Some individuals are talented fundraisers and are sought to help raise money. Others bring credibility, prestige or expertise to an organization. Whatever the motivation of the individual or the charity, joining a board of trustees is a decision not to be taken lightly.

The principal role of the board of directors is to act as the steward of the charitable assets. The charitable assets are a "public trust" placed in their "private hands" to be used only for the charity's approved mission. The charity may not be operated for private benefit. The board of directors is legally responsible for the management of the affairs of the charity. Stewardship requires active participation. People who do not have the time to regularly participate should not agree to be on a board.

One of the most important functions of the board is to keep the resources and efforts focused on the charity's mission. This requires the board to have an adequate understanding of the organization's programs, people and resources available to achieve the organization's goals. As a starting point, every board member should be familiar with the organization's articles of incorporation, its bylaws, its IRS Form 990 and its financial statements.

BOARD OF DIRECTORS AND EXECUTIVE DIRECTOR: DEFINED DUTIES AND COMPENSATION

The board of directors is not expected to manage the day-to-day activities of the charity. For those duties the board should hire an executive director. However, it is the board's responsibility to oversee the executive director's work to see that the charity is fulfilling its mission. The board has a duty to review and assess the executive director's performance. If it becomes necessary, the board has the authority and the responsibility to fire the executive director.

The board of directors sets the executive director's compensation. Every board member needs to know what the executive director is paid and must participate in the final decision to set the level of compensation. The compensation needs to be reasonable for the services rendered and compare favorably to executives in organizations in a similar situation. The board should remember that the executive director's compensation, as well as that of other key executive officers, may be important to donors and the general public. The compensation information must be reported on the IRS Form 990, which is accessible to the general public.

The board of directors for an all-volunteer organization takes on the added responsibilities of the day-to-day activities of the charity.

THE STANDARD OF CARE

The New Mexico Charitable Solicitations Act defines the standard of care at Section 57-22-10 NMSA 1978 as:

All officers, directors, managers, trustees, professional fundraisers, professional fundraising counsel or other persons having access to the money of a charitable organization intended for use for charitable purposes shall be held to the standard of care defined for fiduciary trustees under common law.

THE LEGAL DUTIES

Trustees and directors of a charitable organization, whether or not the organization is formally incorporated as a nonprofit corporation, have specific legal duties to the organization. The primary duties are:

1. The duty of care;
2. The duty of loyalty;
3. The duty to manage accounts; and
4. The duty of compliance.

THE DUTY OF CARE

The duty of care requires active participation in the charity's affairs by attending board meetings and meetings of committees on which the trustee or director serves. Each board member must stay informed to determine if the board's policies are being followed and to understand how the charity is functioning.

Boards may establish committees having the authority of the board and may rely on information, opinions, or reports of these committees as the basis for a formal board action. However, the committees remain subject to the direction and control of the board. As a result, individual board members are responsible for the work of the committees.

The duty of care must be discharged diligently and in good faith. Board members must act with knowledge and after deliberation, and should carefully establish policy and regularly oversee its implementation and administration by a competent staff.

Unfortunately, some board members simply don't do their jobs. Board members who are regularly absent from meetings, are inactive, or who fail to conduct adequate research prior to making decisions, have breached their duty of care. Neither the individual board member nor the charity benefits from this kind of "service."

Board members must conduct themselves with the level of care, skill, and diligence exercised by "prudent persons" in the handling of their own affairs. Generally, a board member who knows the facts, analyzes the probable result of an action, exercises sound judgment, and keeps reasonable records, acts prudently and fulfills this important duty of care.

The following are specific actions board members should take to ensure that their duty of care is being fulfilled:

Minutes of Meetings.

Written minutes need to be taken at every board meeting and every committee meeting. The minutes should accurately reflect the actions taken at the meeting. The minutes should be approved at a regular meeting of the board and maintained as a record of the board's actions.

Board Actions.

A director who is present at a meeting when an action is approved by the entire board is presumed to have agreed to the action unless the director objects to the meeting because it was not lawfully called or convened and doesn't participate in the meeting, or unless the director votes against the action or is prohibited from voting on the action because of a conflict of interest.

Books and Records.

A director needs to have general knowledge of the books and records of the organization and its general operation. The organization's articles of incorporation, bylaws, accounting records, voting agreements, minutes, and list of voting members must be made available to members and directors who wish to inspect them for a proper purpose.

Accurate Record Keeping.

A director needs to be familiar with the content of the books and records to ensure

that the organization's records and accounts are accurate. This may mean the director must take steps to require regular audits by an independent certified public accountant. Charitable organizations with total revenue of \$500,000 or more are required to be audited by an independent certified public accountant. At the very least, the director needs to be aware of what the financial records disclose and take appropriate action to make sure there are proper internal controls.

THE DUTY OF LOYALTY

The duty of complete and undivided loyalty requires that the interest of the charity and, as a consequence, the interest of the public, take precedence over the board member's personal interests. A trustee must, loyally and without self-interest, further the charitable objectives of the organization by acting fairly and in the best interest of the charity.

Trustees may breach the duty of loyalty when they engage, directly or indirectly, in transactions between themselves as trustees and themselves as individuals or with family members or businesses in which they hold an interest. Board members should not engage in any transaction that is adverse to the charity, engage in any competing enterprise to the detriment of the charity, divert an organizational opportunity for personal gain, or derive any kind of secret profit or other advantage in dealing with or on behalf of the charity. Caution should be exercised in entering into any business relationship between the organization and a board member, and should be avoided entirely unless the board determines that the transaction is clearly in the charity's best interest.

The following are specific actions board members should take to ensure that their duty of loyalty is being fulfilled:

- Always put the interest of the charity first;
- Establish a written conflict of interest policy, which should include procedures for written disclosures from board members concerning any business dealings with the charity;
- Disclose his or her financial interest whenever the charity proposes to enter into a business relationship with the board member, a member of his or her family, or a business in which the board member holds an interest. The board member should not vote on the transaction or participate in any debate on the merits of the transaction;
- Refrain from diverting a business opportunity available to the charity for his or her own gain; and
- If at all possible, avoid transactions involving potential conflicts of interest and self-dealing situations.

THE DUTY TO MANAGE ACCOUNTS

Board members are responsible for assuring the financial accountability of the charity. Procedures need to be established to keep the organization fiscally sound and ensure that it operates in a fiscally responsible manner. Care must be taken to use any restricted funds properly. Trustees need to oversee the executive director and determine that the charity's purposes are fulfilled without waste. Preparation of a budget is important to provide clear directions for spending and translating program and management goals of the board into financial projections.

The organization needs to be able to demonstrate the wise use of its funds. Accurate records of all income, expenditures, transactions and activities must be maintained. Accurate minutes of board meetings should be taken in order to demonstrate board approval of certain expenditures and investments and to show that informed decisions were made with regard to these transactions. The following are specific actions that board members should take to ensure that their duty to manage accounts is being fulfilled:

- Keep accurate records of income, investments, expenditures and transactions, and accurate minutes of board meetings;
- Develop annual budgets that provide clear direction for spending at all levels of activities. The budget should be a blueprint of the board's program plans;
- Establish appropriate internal accounting systems, including a system of checks and balances. No one person should retain total control over finances;
- Prudently invest and reinvest assets;
- Assist the organization in acquiring resources for its programs. Develop fundraising goals and policies. Make certain that fundraising appeals are presented honestly and fairly, and monitor the performance of fundraising professionals; and
- Shop around for the best values in goods and services through comparisons and informed bidding processes. This process should also be applied to contracts entered into with fundraising professionals.

THE DUTY OF COMPLIANCE

Board members have a duty to be faithful to the organization's purposes and comply with the charity's governing documents. They are also under a duty to be familiar with the laws that apply to the charity and to comply with those state and federal laws that relate to the charity and its business operations.

The following are specific actions board members should take to ensure that their duty of compliance is being fulfilled:

- Familiarize themselves with and follow the provisions of the charity's articles of incorporation, constitution, by-laws, or other governing documents;
- Familiarize themselves with state and federal laws relating to nonprofit entities, fundraising, and tax related issues; and
- Comply with state and federal registration and reporting requirements, which may include filings with the New Mexico Attorney General, the New Mexico Public Regulation Commission, the New Mexico Taxation and Revenue Department, and the Internal Revenue Service.

IS IT WORTH IT? YES.

A board member who feels that his or her position as trustee is merely honorary is in for a rude awakening. When you agree to serve on a charity's board, you accept stewardship responsibility for the funds donors have contributed. Donors are placing their trust in you, the public who benefits from the charity's services is depending on you, and regulators are watching you.

These responsibilities need not frighten off any prospective board member. Board members need only be active and involved, use sound judgment, responsibly, and in

fairness to the charity, and always have the charity's best interests foremost in all actions. For board members who take their responsibilities seriously, the rewards of voluntary service are immeasurable.

SUGGESTED RESOURCES:

Internal Revenue Service

1111 Constitution Avenue, NW,
Room 6411
Washington, DC 20224

For Forms:

800-829-3676

For Questions From Nonprofits:

877-829-5500

Internet address: www.irs.gov/bus_info/eo/index.html

National Center for Nonprofit Boards

2000 L Street NW, Suite 510-F
Washington, D.C. 20036-4907
(202) 452-6262

Internet address: www.ncnb.org

Internet Nonprofit Resource Center

Internet address: www.nonprofits.org

ADDENDUM B

**New Mexico Consortium of Career Educators and Employers
EIN:20-1904344 (Federal Tax ID #)**

Part V
Line 5a

CONFLICT OF INTEREST POLICY

(Adapted from the NM Attorney General's guidelines for non-profit organizations, but omitted from Operating Guidelines until 6/13/08.)

Article I
Purpose

The purpose of the conflict of interest policy is to protect this tax-exempt organization's (Organization) interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Organization 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 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 Organization has a transaction arrangement
- b. A compensation arrangement with the Organization or with any entity or individual with which the Organization 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 Organization 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 III, Section 2, a person who has financial interest may have a conflict of interest only if the appropriate governing board or committee 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 directors and members of committees with governing board delegated powers considering 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 governing 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 the governing 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 chairperson of the governing 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 governing board or committee shall determine whether the Organization can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict or interest.
- d.** If a more advantageous transaction or arrangement is not reasonable possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Organization'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 governing 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 governing 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 Records of Proceedings

The minutes of the governing 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 the connection with an actual or possible conflict of interest, the nature or the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's 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 governing board who receives compensation, directly or indirectly, from the Organization 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 Organization for services is precluded from voting on matters pertaining to that member's compensation.
- c. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article VII

Periodic Reviews

To ensure the Organization operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, 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 the Organization'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, the Organization 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.

President

Secretary

Part 5
Line 5a

Adopted by resolution of the executive board.

Part 5
Line 5b

Those believed to show a conflict of interest will be instructed to abstain from voting/discussion on related issues.

Part VI
Line 1a

Students and prospective employers may derive benefit of services offered by the Consortium by way of participation in activities planned, conducted or supported by the Consortium. (e.g., career/job fairs, bringing employers and candidates together, such as the Public Service Career Showcase: workshops for students, teaching job search strategies; workshops offering professional development to members of the Consortium and other professionals in the fields related to the Consortium's mission.

Line 1b

Services and support may be offered to other 501 (c) 3 organizations for activities related to the mission of the Consortium.



New Mexico Consortium of Career Educators and Employers

Conflict of Interest Statement

As a member of the Executive Board of the New Mexico Consortium of Career Educators and Employers, I hereby attest to the following:

- a. I have received a copy of the Conflict of Interest Policy.
- b. I have read and understand the Policy.
- c. I agree to comply with the Policy.
- d. I understand the Organization is charitable and in order to maintain federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Signature

Office Held

Date