

National Student Nurses Association



Shared Governance Quiz

True or False

1. Bylaws are rules adopted by an organization chiefly for the governance of its members and the regulation of its affairs.
2. Bylaws can be amended by the board of directors as long as proper notice is given.
3. If the method for amending bylaws is not included in the Bylaws, the board of directors may determine how to amend the bylaws.
4. The board of directors has the fiduciary responsibility for the business of the organization.
5. The House of Delegates approves the organization's annual budget.
6. Non-profit organizations are not allowed to have a profit at the end of the fiscal year.
7. It is not necessary for non-profit organization board members to sign a conflict of interest statement.
8. When a legal action is taken against members of a board of directors in an organization that is not incorporated, the board members may be sued as individuals.
9. The role of the organization president during a board meeting is to serve as the facilitator of the meeting.
10. The organization's mission statement is part of its strategic plan.
11. The organization's members are responsible for approving the strategic plan.

National Student Nurses' Association, Inc.

Answers to Shared Governance Quiz

1. True

Bylaws are a codification of the rules that are adopted and followed by the organization. They are the official rules and regulations which govern an organization. Bylaws are prepared at the time of incorporation, along with the charter. Incorporation is a process by which an organization receives a state charter, allowing it to become a corporation. A charter is the document, filed with a U.S. state by an organization's founders, describing the purpose, place of business, and other details of the organization (**also called** articles of incorporation).

2. False

Bylaws are amended with proper notice by the members of the organization generally at the annual meeting. The details of how bylaws may be amended are included in the organization's bylaws.

3. False

Bylaws should include a section on parliamentary authority to address areas not covered in the bylaws. *Roberts Rules of Order Newly Revised* is generally cited as the parliamentary authority in bylaws.

4. True

The Board of Directors, upon election, accepts the trusteeship of the organization's assets and assumes responsibility for decisions related to those assets. In addition, the Board of Directors performs administrative functions related to the assets (i.e. bank accounts; check writing; arranging for annual audit). Administrative tasks related to financial matters are generally the role of the treasurer. In organizations that employ staff, the executive director serves as the Board's agent for administrative functions.

5. False

The Board of Directors, as fiduciary of the organization's assets, is responsible for passing the annual operating budget for the organization. The Board of Directors is responsible for reporting the financial condition to the members at the annual meeting of the association. In most organizations, the bylaws require that an organization conduct an annual audit. This is done by an outside auditing firm using generally accepted accounting principles.

6. False

Non-profit organizations may have an excess of revenue over expenses. The term non-profit means that the members do not receive any financial gain (or profit) from their membership. In contrast, in the case of a for-profit corporation, the share holders, or owners, may gain profit from the shares they hold in the company. When non-profits have an excess of revenue over expenses, they

often place funds in reserve. It is prudent for non-profit organizations to keep at least 50% of their annual operating budget in reserve.

7. False

Board members in both for-profit and non-profit organizations must accept responsibility to prevent bias and conflicts of interest in their decision making process. The Board has a responsibility for maintaining objectivity. Conflict of Interest policies should reflect state and local laws and must cover financial interests, gifts, gratuities and favors, nepotism, and other areas such as political participation and bribery. These rules must also indicate how outside activities, relationships, and financial interests are reviewed by Board of Directors. A conflict of interest may arise when board member makes decisions out of self interest or in the interest of only part of the association instead of for the common good of the whole organization; and/or when a board makes a transaction with a business or organization that has a financial connection with a board member or a board member's family.

8. True

Unincorporated associations and their members can be liable for contracts made by officers or members on behalf of the association; negligent or unintentional tortuous acts committed by members in furtherance of association business; and debts incurred on behalf of the association. An association that is incorporated enjoys all of the benefits of being a corporation including liability for contracts, debts, and tortuous acts which is limited solely to the corporation itself and its assets, and not to individual members.

9. True

The role of the president is defined in the bylaws of the association. The president often serves as chair of the board of directors meetings and is responsible for facilitating the meeting. The president does not make motions and may not speak to issues unless he/she turns the chair over to the vice president. The president, as chair of the meeting, does not vote except to break a tie.

10. True

The mission statement is a summary of the organizations' reason for being, including, who we are, what we do, for whom we do it, and why. The strategic plan includes the organization's mission and vision, environmental scan, gap analysis, benchmarking, strategic issues, goals, method and timeline for reaching goals.

11. False

The Board of Directors is responsible for creating, approving, modifying and evaluating the association's strategic plan.