



AEC BEST PRACTICES REVIEW WORKBOOK

Sponsored by the Mechanical Contractors
Association of America

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PREFACE

This Workbook was originally developed in 2014, and has now been utilized as a part of several dozen local affiliate Best Practices Reviews (BPR's). The Workbook has several purposes: first, to serve as a sort of “primer” for the newer association executive; second, to as a reminder for experienced executives (for all of those little details that we've always meant to get around to); and finally, as a conversation-starter during BPR's.

In constructing the Workbook we have relied on non-profit law wherever possible, so from that perspective there often *are* “right answers” to many of the questions. But not always – that's why it's called a “best practices” workbook. The reader should always keep in mind that the correct application of any best practice, and even some laws, may vary substantially with the circumstances. While there are numerous resources on most subjects available for the executive such as one's AEC peers, the American Society of Association Executives and its local affiliates, the internet, etc., every association executive should develop a working relationship with a lawyer who is experienced in *non-profit* law.

We hope you find this Workbook helpful, and we always welcome feedback on how we can improve it.

PART I:

ADMINISTRATION

GOVERNANCE DOCUMENTS

I. GOVERNANCE DOCUMENTS

A. Association Governance

1. Do you have a copy at hand of your state Articles of Incorporation? Do the purposes stated therein match up with your association's current goals, objectives and Bylaws?
2. Can you readily produce a copy of your IRS 501(c)(6) Letter of Determination? If asked, do you understand what a (c)(6) exemption is, and how it differs from a (c)(3) or (c)(5)?
3. Do you have a copy of your state Not for Profit Corporation Act, and do you have at least a passing familiarity with it?
4. Approximately when were the association's Bylaws last reviewed and updated for conformity with current laws, regulations and practices? **[NOTE: Your Bylaws will be made a part of this review.]**
5. Do you have an up to date **Board Policy** book? Does it contain at least the following policies:
 - a) Antitrust
 - b) Conflict of Interest
 - c) Document Retention/Destruction
 - d) Whistleblower
 - e) Sexual Harassment

- f) Policies on matters left (in the bylaws) to the Board to determine such as procedure for membership, amount and payment of dues, volunteer/staff expense reimbursement policy, *etc.*
 - g) Circumstances when E.V.P. or staff allowed to sign checks, and for what amount
 - h) Employee Policies
6. Are you familiar with the IRS 990 and do you regularly review it for suggested changes to policies/procedures?
 7. Have you implemented your document destruction policy? How often do you clean out your files? Electronic files? How long do you keep important documents such as meeting minutes, contracts, tax records, *etc.*? Where are they stored? Do you backup electronic files? How often? If so, where are the backups kept?
 8. Is there a procedure in place in case the Association's offices are unavailable due to fire, flood, *etc.*?
 9. Is there a procedure in place in case of the death or disability of the chief executive/EVP?
 10. Who has the right to legally bind the association to financial obligations and other contracts? Where (in what document) is this authority granted?

B. Industry Funds

1. Is the Association funded through an Industry Fund? If no, what funding mechanism do you use?
2. If you have an Industry Fund, is it set up as a corporation or a trust? Do you have the written documents supporting one or the other? When were the supporting documents last revised?

3. Do these documents state, explicitly, for what purposes contributions may be spent? Are the trustees knowledgeable as to what constitutes an acceptable expenditure?
4. Is there a written Provision of Services agreement between the industry fund and the association? If not, upon what legal grounds does money flow from one to the other?
5. How are Industry Fund trustees determined? Do they have term limits? Terms?
6. Is the Industry Fund audited? By whom and how often? Who approves the audit?
7. Have your industry fund trustees adopted any or all of the policies denoted in item #5 above (under Association Governance on page 4)?
8. Are the industry fund trustees indemnified? If so, by whom? Is this risk insured? Is the industry fund and/or the trustees specifically referenced in the insurance policy?
9. Does the Industry Fund have a collections procedure? Is it enforced? If done by the Taft Hartley funds, does the industry fund compensate the funds for collections?

ASSOCIATION FINANCES

II. ASSOCIATION FINANCES

A. Record Keeping

1. Are the association's books kept in-house or by a third party? If in-house, is this person well qualified with modern practices and systems such as Quick Books or Peachtree? Are all persons who handle checks covered under a bond, crime, or employee theft insurance policy? Does the association's E.V.P. meet regularly with this person?
2. Who opens checks? Is a daily listing of checks received kept by someone other than the person who deposits them? How frequently are checks deposited?
3. Is there any system in place to review cancelled checks, reconciliation reports, *etc.*?
4. Are blank checks kept in a safe place? Who has access to them?
5. Who is issued an association credit card? How are credit card expenditures reviewed/approved?

B. Budgeting/Expenditures

1. What is the association fiscal year? Why?
2. When planning activities for the following year, which is done first – planning or budgeting?
3. Who is involved in the budgeting process? Who approves the budget? If some unusual item of income or expenditure happens mid-budget, how is that handled?

4. What percentage of the association's income comes from dues? From the industry fund? Other? What percentage of the association's activities are available to members only?

5. If the association charges for its programs or services, how are those charges calculated? Are non-members charged more? How is that calculated?

C. Insurance, Bonding & Indemnification

1. Do you use a broker or an agent? Is that person thoroughly familiar with insuring *nonprofit* organizations?

2. Do you have the following coverages:
 - a) Business Owners (General Liability)
 - b) Workman's Compensation
 - c) Fiduciary Liability
 - d) Auto Coverage
 - e) Non- Owned Auto Coverage
 - f) Directors & Officers Liability
 - g) Crime Policy (Bond)
 - h) Host Liquor
 - i) Umbrella

3. Does one or more of your policies contain "Employment Practices"? Do you know what is covered (and excluded)?

4. If the Chief Executive Officer became disabled, either short or long term, how would the association handle the situation financially?

5. Are you familiar with the federal and state laws that protect members volunteering their time to the association? Does your state Non-Profit Act protect volunteers?

6. Do the association bylaws have the broadest possible form of indemnification for staff and volunteers?

7. Bearing in mind that “indemnification” means that the association will compensate a volunteer or staff person or volunteer for losses sustained while acting on behalf of the association, are you satisfied that you have insured as many risks as practicable?

8. Representatives of the association who act as Taft Hartley trustees are covered for fiduciary liability by the funds. Who pays the “Elimination of Recourse” portion of that premium? Who covers the trustees for *non-fiduciary* liability?

D. Reporting

1. How often are financials prepared for review [**please furnish one period’s set for this Review**]? Who prepares them? What documents are presented? Are they prepared on a cash, modified accrual or accrual basis? Are income and expenses presented against monthly and yearly budget?

2. Who reviews financials? Are they provided in advance of the meeting? Are expense category titles sufficiently detailed such that reviewers have a clear idea of how monies are being spent?

E. Auditing

1. Does the association have a standing Audit Committee? What percentage of the committee is made up of officers and/or board members? Is at least one person readily seen as “knowledgeable in financial matters”?
2. Is a certified audit done yearly? Is a “management practices” letter provided to the Audit Committee? Is it shared with the Board? How long are previous audits kept?
3. Who selects the auditor? Is the auditor knowledgeable in not-for-profit tax law? Does the auditor make a formal report to the committee (or the Board)? Is there a mandatory executive session between the auditor and the committee? How is the audit approved? How often does the association put out RFP’s for auditors?
4. Who prepares the association IRS-990? Do the officers or Board see it before it is submitted?

F. Investments

1. Does the association have an investment committee? How often does it meet? Are its members knowledgeable regarding investing? Does it have the authority to move investments?
2. Is there an Investment Policy? Does it state the fund’s goal, basic objective(s), asset mix, and any prohibited investments?
3. Does the investment fund have a professional advisor? Is this person affiliated with a brokerage or investment firm? Does he/she recommend specific investments? Does this person profit from those investments? Are investment returns shown “net of fees?” Which benchmark(s) is used to evaluate this person’s performance?

BOARD/EXECUTIVE V.P. RELATIONS

III. BOARD/EXEC. V.P. RELATIONS

A. Board/Officers

1. How many board members do you have, including officers? Does everyone vote? Who chairs board meetings?
2. In your opinion, is the board about the right size? If not, what size should it be?
3. When are board members elected? By whom? How long can a board member serve? Can a board member go off the board and come back on?
4. How are potential board members identified and nominated [**honestly!**]? Are board members selected to represent a particular group or constituency (*e.g.*, the service sector)? Can Board members use proxies and/or stand-ins?
5. Are you confident that your answers for Questions 1 – 4 are in conformity with you state Not For Profit Act?
6. How many officers are there? How are they selected? How long is their term? Are they voting board members? Are their duties clearly spelled out in the Bylaws? Do they actually perform their duties, *e.g.*, does the Treasurer actually play a key role in the finances of the association, or are officers largely ceremonial?
7. What happens to officers once they are no longer in office?
8. Is there an Executive Committee? Who is on it? How often does it meet? Why does it exist?
9. Are any other persons invited to the board meeting, *e.g.* Industry Fund trustees, past presidents, *etc.*?

B. Board/Exec Relations

1. To whom does the E.V.P. report on a day to day basis? How often is the E.V.P. in communication with the person to whom he/she reports?
2. How often does the E.V.P. meet with the Board? Does the Board ever meet without the E.V.P.?
3. How is the E.V.P.'s compensation established? Is there a Compensation Committee or does the entire Board act on it? What is the basis for review of the EVP?

MARKETING/COMMUNICATIONS

IV. MARKETING/COMMUNICATIONS

1. Do you have a logo? Is it current and does it accurately and graphically represent who you are?
2. Does your organization have a *brand* identity and is it consistent?
3. Do you have a marketing plan and is the plan followed? Do you regularly review the plan and revise if/when necessary?
4. Do you have an *internal* communication plan that explains your marketing goals to all employees and what their role is in helping to achieve those goals?
5. Do you know who your target audience is?
6. What sets your organization apart? (i.e. your "hook")
7. Do you have a website and is it user friendly?

8. If you have a newsletter, is it consistent with your brand identity?

9. Do you have monthly or quarterly meetings with your members where you share ideas and address issues?

10. Do you offer branded marketing materials to your members? Can these materials be customized for individual use?

11. Do you provide marketing seminars and training for your members on a regular basis?

12. Is the general public aware of your community involvement through on-going public relations?

PART II: PROGRAMS & SERVICES

MEMBER SERVICES

V. MEMBER SERVICES

1. How would you answer this question: “if the Association did not exist, would someone invent it, and if so, what for?”
2. Are you satisfied that the programs and services that the Association is providing adequately address your answer to question #1?
3. Does the association have committees, standing or otherwise? What are they? How are members selected to be on them? Can committees make decisions that control the actions of the association? Do committees have separate budgets? If yes, who can authorize expenditures?
4. How frequently does the association communicate with the membership? How frequently does the association communicate with the board and/or officers? What methods of communication does the association use? Is the association using social networking?
5. How is the website administered? Is there a “member only” portion of the site? Is there a site for interaction among members? Is it refereed?
6. If the association produces a newsletter, does the association accept paid advertising? If yes, how is that handled for tax purposes?

7. How do you track the extent to which your members pay attention to various forms of communication?
8. Does your association produce some form of an “annual report”? What is included? Financials? Is anything deliberated not included? Why?
9. Does the association offer group buying programs/discounts? If yes, what is the association’s role with regard to the program? Is there a written agreement with the vendor? Is the program covered by the association’s insurance?
10. Does the association have a student chapter? Does the association aid the chapter financially? What activities are involved? Are the various potential liabilities covered by the association’s insurance?
11. Does the association run a Pipe Welding Bureau? Is it affiliated with NCPWB? How are continuities maintained? How is the testing process managed?
12. Does the association cover or pay for attendance at a meeting or convention by a member? In what manner? Officers or board members? Spouses of either? Are 1099’s issued to association volunteers when required by law? Are 1099’s routinely issued to speakers and similar vendors?
13. Does the association provide education/training? How much? Who are the instructors? How is it funded? Are non-members charged the same as members? If not, how is the cost determined?
14. Does the association provide continuing education credits (CEU’s) for some or all educational offerings? If yes, what requirements must be met by the association such that the credits will be recognized? Who tracks class hours taken, etc.?
15. Does the association offer any certifications? How are the requirements established? Is there a separate governing committee (other than the board)? How is successful completion determined? Are non-members allowed to achieve the certification?

16. Does the association pay MCAA dues on behalf of its members?
17. Is member services a dedicated staff position (one individual is responsible for it) or a shared role? If shared, are responsibilities well defined and documented in writing?
18. Does the association expect to break even on a given program or service?

SERVICE & MAINTENANCE

VI. SERVICE & MAINTENANCE

1. Do you have a separate organization for HVAC service contractors? If not do you have a committee, section or whatever for HVAC service contractors? How do you give this group an identity without jeopardizing their loyalty to the association?
2. How often does Service meet as a group? Does the group have a strong chairperson?
3. Do the E.V.P. and the chair meet regularly?
4. How is this group financed? Does this group have a separate budget?
5. Does this group have its own board or “executive” committee (formal or informal)? If yes, how often does it meet?
6. How many people attend meeting of the service group? What percent of the possible members/attendance is this?

7. Does the leadership group meet with union service reps? How often?

8. Does the general membership meet with the union service reps? How often?

9. How friendly is union leadership to HVAC service? If service contractors are treated as “second class” by the union, is there a plan to change this attitude?

10. Does service group have representation on the JATC? Does the service group have influence over the curriculum?

11. Do you track market share of service? How is it trending? Are there plans for increasing market share?

12. Do you offer training specifically for service contractors?

13. Does the service group have input and/or influence in wage and language negotiations?

LABOR RELATIONS

VII. LABOR RELATIONS

1. Does your association provide Collective Bargaining support and/or services? How many unions do you work with? How many Agreements are involved? What is the length of the Agreements?
2. Are your Agreements 8(f) or 9(a)?
3. How is notification of contract opening and/or end of contract done? Who is notified? By whom?
4. How are the contractors' bargaining rights assigned to the association? What is the process used to renew their assignment of rights?
5. Are all of the contractor's part of the multi-employer bargaining unit? If not, how are those outside the bargaining unit serviced and/or informed?
6. Describe the process used to prepare for bargaining.
7. How does the actual bargaining process take place:
 - a) Is a committee formed? Who takes the lead? Who goes to the table? Who acts as spokesperson? What is the EVP's role in the collective bargaining process? Would you change that in any way if you could?
 - b) How are contractors kept informed? What means are used to communicate with contractors? Are there any communications with the rank and file? How?

- c) What steps are taken once an agreement is reached?

 - d) What happens if an agreement is not reached? Is there a no-strike clause? Is there some form of binding arbitration?
8. Is there a process to make changes to the agreement mid-contract?
9. If you could change anything about the current negotiations process, what would it be? Do you think the traditional industry model for making changes to the agreement continues to serve your contractors well?
10. Does your association have regular communication/interaction with your union other than during collective bargaining? If yes, describe. If not, what would you like to see done?

ADVOCACY/ GOVERNMENT RELATIONS

VIII. ADVOCACY/GOVERNMENT RELATIONS

1. Does the association have an actual internal planning process for deciding what the organization's government relations goals/priorities are? Do you use a government relations committee in this process?
2. Does the association have a policy regarding who can speak on behalf of the association to government officials?
3. Do you have an understanding of your local (municipal/county), state, and federal lobbying and ethics laws? Are you in compliance?
4. Does the association use a lobbyist? Does the association hire that person, or are you in a coalition? If the association hires the lobbyist, is there a written contract that lays out expectations, communications, financial terms, expenses, and other key items?
5. Does the association have a political action committee (PAC)? Is the PAC set up to do local, state, or federal lobbying? Do you have bylaws for your PAC? Do you have a written process for how contributions are awarded to candidates and what candidates you can and will give to (e.g., local-only, state-only, incumbents, candidates in primaries, etc.)?
6. Does the association pay the federal lobbying proxy tax? If not, do you inform your members that (some percentage) of their dues are not deductible by their company as a business expense? How do you calculate the lobbying tax and/or the members' percentage?

7. Does the association have a grassroots plan to get members involved with their legislators? Do you communicate to your members how to talk to a legislator? Do you communicate to your members your government relations successes?

8. Does the association engage in coalitions with other like-minded organizations? If not, have you compiled a list of organizations who may share goals with you, be it a single issue or multiple issues?

9. Does the association ever work in coalition with local plumber/fitter unions and/or the State Pipe Trades? Local or state Building Trades?