



LAYING THE FOUNDATION

Questions?

Felicia Chase Goodman

felicia@cooperfdn.org

o 254.754.0315 m 254.644.2363

Statement about the Value of Training in Nonprofit Boardmanship

As donors and contributors to a multitude of local nonprofit organizations, we recognize that the state of McLennan County's nonprofit sector is changing. The ever-increasing need and demand for services, coupled with a decrease in the amount of resources available to help address those needs, require nonprofits to continually adapt in order to serve their populations well.

We truly believe that in order to survive this fluctuating environment and meet the challenges of the future, fully-informed, effective leadership is needed from all nonprofit boards of directors. This document was developed to provide boards with simple guidelines and resources to maximize board effectiveness.

Being smart, skilled, generous and conscientious makes an individual a great candidate for nonprofit board service, but those qualities do not guarantee that the individual is automatically knowledgeable of the laws, professional practice and responsibilities related to board service. The skills and experience necessary to be a board member are specific. Although they may be learned in a variety of ways, each person serving on a nonprofit board should receive a basic education in general boardmanship that goes beyond their professional training and the mission of the specific nonprofit on whose board he or she serves. Specifically, each board should be comprised of members who are collectively able to:

- Adapt and respond to changing community needs;
- Establish plans and goals for meeting the community's needs within the framework of the organization's mission;
- Secure the resources (financial, human and community) needed to fulfill the organization's mission and initiatives; and
- Set and manage appropriate budgets (both income and expense) in order to sustain the organization.

Further, to develop and maintain effective leadership, we encourage each nonprofit board to conduct the following basic activities:

- Ensure that each board member receives a minimum of four hours of proper boardmanship training within 120 days of joining a board.
 - A board should be aware of whether or not each of its members has ever been trained in nonprofit boardmanship, and if so, when and how.
 - A board should also have a plan for how it will ensure that this training takes place. Boardmanship training should not be the same as an orientation about an individual nonprofit.
- Conduct boardmanship training for the entire board on a regular basis (every three years) to ensure that every member is fully aware of all the board responsibilities and how those responsibilities relate to a particular nonprofit's work.
- Ensure that all board members understand the board's role in fundraising, financial management, future board nomination and human resources (including board and executive director relations).

Cooper Foundation

Rapoport Foundation

Waco Foundation

Bill Pakis

Jim & Nell Hawkins

Tom & Martha
Salome

Ann & Roane Lacy

Ensuring that board members are trained is **not** the executive director's job. As the subordinate of the board, there is no way for the executive director to enforce requirements for board training. Each board should consider **forming a governance committee** that will decide how training will be conducted, and then this committee should track the progress of the board members receiving training. **Some boards assign the task to the vice chairman**, as it may help to prepare that individual to manage the board.

Where does a board start? The following are some ways to provide boardsmanship training:

- **Books and informational materials** are available to be provided to board members. We recommend that if a board uses this method, some effort should be devoted to discussion during meetings, to ensure that the materials have been reviewed and are clear. A list of materials and resources is available at <http://mclennannonprofits.org/about-us/nonprofit-management-library/other-resources/>
- **Attend workshops** on boardsmanship (The upcoming Building High Performing Boards: Building Better Boards sponsored by Waco Foundation at the BRIC on November 2, 2017 is an option that will provide a comprehensive training to participants).
- Divide the work among the current board by **assigning each board member to research and develop a training** presentation for the full board in one area of boardsmanship. Materials are available at Boardsource.org, Board Café (blueavocado.org/category/topic/board-café) and the Waco-McLennan County Public Library's Grant Resource Center, 1717 Austin Avenue, Waco, TX 76701.
- **Hire a professional board trainer** to provide instruction to the board as a group. There are consultants available from the organizations like these, who can train your board in their roles:
 - Boardsource.org (Washington, D.C.)
 - CNM Connects/Center for Nonprofit Management (Dallas, Texas)
 - Mission Impact (formerly Greenlights for Nonprofit Success in Austin, Texas)
- **Engage a local consultant or a volunteer** to provide training to the board. Be sure to check on the individual's credentials and resource materials before engaging them as a trainer. Examples of reputable resource materials include:
 - Boardsource.org
 - Board Café (blueavocado.org/category/topic/board-café)
 - Compasspoint.org
 - National Council on Nonprofits
 - The Foundation Center
 - University of Texas School of Continuing Legal Education
 - Universities with nonprofit management schools and programs
 - Independent Sector
 - National parent organizations
- **Host webinars or information as a part of board meetings.** A free online video at the following link can be shown to your board in one sitting or broken down into sections for a few minutes for several meetings.
 - <http://www.cpweb2.org/board/index.html>

Whatever a board chooses, it is essential that preparation and continuing education are not neglected. With a community filled with highly-trained board members, Waco will be positioned to sustain our vital nonprofits in the difficult environment we are facing as a community and a nation in the future.

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What Are The Basic RESPONSIBILITIES OF NONPROFIT BOARDS?

TEN BASIC RESPONSIBILITIES OF NONPROFIT BOARDS

- 1. Determine mission and purposes, and advocate for them.** It is the board's responsibility to create and review a statement of mission and purpose that articulates the organization's goals, means, and primary constituents served. Boards and their members should be conscientious ambassadors and advocate for their organizations.
- 2. Select the chief executive.** Boards must reach consensus on the chief executive's responsibilities and undertake a careful search to find the most qualified individual for the position.
- 3. Support and evaluate the chief executive.** The board should ensure that the chief executive has the moral and professional support he or she needs to further the goals of the organization.
- 4. Ensure effective planning.** Boards must actively participate in an overall planning process and assist in implementing and monitoring the plan's goals.
- 5. Monitor and strengthen programs and services.** The board's responsibility is to determine which programs are consistent with the organization's mission and monitor their effectiveness.
- 6. Ensure adequate financial resources.** One of the board's foremost responsibilities is to secure adequate resources for the organization to fulfill its mission.
- 7. Protect assets and provide proper financial oversight.** The board must assist in developing the annual budget and ensuring that proper financial controls are in place.
- 8. Build and sustain a competent board.** All boards have a responsibility to articulate prerequisites for candidates, orient new members, and periodically and comprehensively evaluate their own performance.
- 9. Ensure legal and ethical integrity.** The board is ultimately responsible for adherence to legal standards and ethical norms.
- 10. Enhance the organization's public standing.** The board should clearly articulate the organization's mission, accomplishments, and goals to the public and garner support from the community.

References

[*Richard T. Ingram, Ten Basic Responsibilities of Nonprofit Boards, Third Edition. \(BoardSource 2015\).*](#)

LEGAL DUTIES OF NONPROFIT BOARDS

The principles of non-profit corporation law are well established. All board members must meet certain standards of conduct and pay strict attention to their individual and collective responsibilities to the organization and its members. The legal duties of non-profit board members include the duty of care, the duty of loyalty, and the duty of obedience.

Duty of Care *Using your best judgment.* Board members use their own judgment to participate in decision-making on behalf of the organization. The responsibility for making informed judgments lies with the board member, which means they need to secure facts and ask questions to get clarity of the issues. Duty of care also means that board members should seek out independent professional advice when decisions relate to buying or selling significant assets or when entering into material contracts.

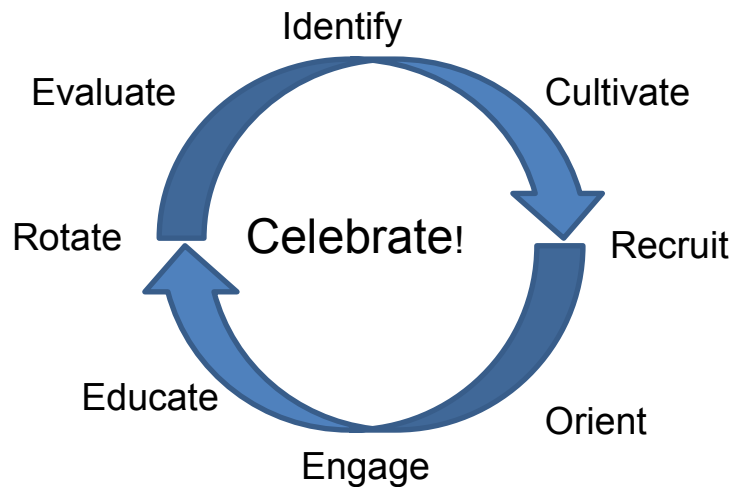
The Office of Inspector General and the American Health Lawyers Associations state that board members are responsible for [two facets of legal compliance](#) with regard to duty of care:

1. To ensure that an information and reporting system exists
2. The reporting system is adequate to flag board members in a timely manner when the organization is threatened by legal concerns

Duty of Loyalty *Avoiding conflicts of interest.* Having a duty of loyalty means that board members must cast aside any personal or professional interests and place the interests of the non-profit ahead of them. Loyalty also means respecting the confidentiality of the organization's affairs by not disclosing them to outside individuals in a way that leads to loss of opportunity for the organization.

Duty of Obedience *Being true to the organization's mission and following the law.* Board members have the responsibility for making sure that the organization complies with all federal, state, and local laws and regulations. It also means that board members should remain faithful to the organization's vision and mission.

THE BOARD BUILDING CYCLE



Step 1: Identify board needs (skills, knowledge, perspective, connections, etc. needed to implement the strategic plan). What do we have? What is missing? Identify sources of board members with the needed characteristics.

Step 2: Cultivate potential board members. Get them interested in your organization and keep them informed of your progress.

Step 3: Recruit prospects. Describe why a prospective member is wanted and needed. Describe expectations and responsibilities of board members and don't minimize requirements. Invite questions and elicit their interest and preparedness to serve.

Step 4: Orient new board members to the organization (program, history, bylaws, pressing issues, finances, facilities, organization chart) and to the board (recent minutes, committees, board member responsibilities, lists of board members, and key staff members).

Step 5: Engage all board members. Discover their interests and availability. Involve them in committees or task forces. Assign them a board "buddy." Solicit feedback. Hold everyone accountable. Express appreciation for work well done.

Step 6: Educate the board. Provide information concerning your mission area. Promote exploration of issues facing the organization. Don't hide difficulties. Celebrate accomplishments.

Step 7: Rotate board members. Establish and use term limits. Do not automatically re-elect for an additional term; consider the board's needs and the board member's performance. Explore advisability of resigning with members who are not active. Develop new leadership.

Step 8: Evaluate the board and individual members. Engage the board in assessing its own performance. Identify ways in which to improve. Encourage individual self-assessment.

Step 9: Celebrate! Recognize victories and progress, even small. Appreciate individual contributions to the board, the organization, and the community. Make room for humor and a good laugh.

Personal Style														
Consensus builder														0
Good communicator														0
Strategist														0
Team member														0
Visionary														0

Age														
Under 18														0
19 – 34														0
35 – 50														0
51 – 65														0
Over 65														0

Gender														
Male														0
Female														0

Race/Ethnicity														
African American/Black														0
Asian/Pacific Islander														0
Caucasian														0
Hispanic/Latino														0
Native American/Indian														0
Other														0

What demographics do you have in abundance? (age, gender, geography, ethnicity, etc.)

What demographics are you missing or do you need to strengthen? Why are they important?

What professions/industry/spheres of influence do you have in abundance? What are the important spheres of influence?

What professions/industry/spheres of influence are you missing or do you need to strengthen?

PROSPECTIVE BOARD MEMBER INFORMATION SHEET

Name of prospective board member: _____

Title: _____

Organization: _____

Address: _____

City, State, Zip: _____

Telephone: Day: _____ Evening: _____

Email: _____

Source of referral/information: _____

Areas of Expertise

- Nonprofit Management
- Fundraising
- Personnel/Human Resources
- Financial Management
- Marketing/Public Relations

- Technology
- Legal
- Health Services
- Business/Corporate

- Education
- Government
- Philanthropic Community
- Other:

Professional Background

- For-profit business
- Government

- Nonprofit Organization
- Other:

Education & Training

- Some high school
- High school graduate
- Some college
- Other: _____

- Undergraduate college degree
- Some graduate coursework
- Graduate degree or higher

- LeadershipPlenty Institute Graduate
- Board Governance Training

Current interest/involvement in our organization: _____

Other affiliations: _____

Other board service: _____

Other Volunteer Experience: _____

Known levels of giving: _____

Reasons this person might be a good board member: _____

People who might meet, cultivate, and recruit this prospective board member & their relationship to the candidate: _____

Other pertinent information: _____

NONPROFIT CENTER: BOARD EXPECTATIONS STATEMENT

General Expectations

1. Support the Center's mission, purposes, goals, policies, and programs while knowing its strengths and needs.
2. Suggest possible nominees to the Board who are men and women of achievement and who can make significant contributions to the work of the Board and the progress of the Center.
3. Serve actively on committees of the Board as requested by the Chair.
4. Attend activities and events sponsored by the Center whenever possible.

Meetings

1. Prepare for and participate in the Center's quarterly Board meetings and scheduled committee meetings, including appropriate Center activities.
2. Ask timely and substantive questions at Board and committee meetings consistent with personal conscience, convictions, and ethics, while supporting the majority decision on issues decided by the Board.
3. Maintain confidentiality of the Board's executive sessions, and speak for the board or the Center only when authorized to do so.
4. Suggest agenda items for Board and committee meetings to ensure that significant policy-related matters are addressed.

Avoiding Conflicts

1. Serve the Center as a whole rather than any special interest group or constituency.
2. Avoid even the appearance of a conflict of interest that might compromise the Board of the Center, and disclose any possible conflicts to the board in a timely fashion.
3. Never accept or offer any favors or gifts from or to anyone who does business with the Center.

Fiduciary Responsibility

1. Exercise prudence and sound fiscal practices with the Board in the control of and transfer of Center funds.
2. Faithfully read and understand the Center's financial statements and otherwise help the board fulfill its fiduciary responsibility.

Fund Raising

1. Make an annual gift to the Center and /or join the Center as a member according to personal means, and with the realization that the leadership role the Board plays in fund development.
2. Assist the Center with development of and implementation of fund development strategies.
3. Make the Center one of your three giving and serving priorities.

BOARD SELF-ASSESSMENT SURVEY

Review the list of board responsibilities. Indicate how, in your opinion, your board does a good job in an area or how the board could improve its performance.

	My board does well in this area by:	My board could improve in this area by:
1. Determine the organization's mission and purpose. Ensure programs and services align with mission and purpose.		
2. Ensure effective organizational planning. Working with the CEO, develop a vision for the work of the organization and a strategic plan; monitor progress towards the plan's goals, objectives, and impact on the community.		
3. Select the chief executive, support them, and review their performance.		
4. Ensure adequate resources.		
5. Manage resources effectively. (approve annual budget and monitor regularly, review financial statements regularly)		
6. Enhance the organization's public standing.		
7. Ensure legal and ethical integrity and maintain accountability.		
8. Carefully select, orient, and involve new board members and assess the board's performance.		

Please list the three to five issues on which you believe the board should focus its attention in the next year. Be as specific as possible in identifying these points.

In ten years, what do you believe is the single most important impact that this organization should have on the community it serves?

SAMPLE AGENDA

EVERYONE'S GOOD NONPROFIT BOARD MEETING AGENDA

August 24, 2018

8:30 – 10:00 am

EGN Headquarters

Attendees: list board members, staff in attendance by name

Goal of Meeting: To promote better board engagement

Please bring: An open mind, willingness to engage, preparedness

Time	Item	Purpose
5 minutes	Welcome Overview of agenda Two members describe how they put the mission into action since the last meeting	Set Stage
30 minutes	Strategic Thinking How to get the right people on the board for new revenue strategies? How to better use community collaborations to fulfill mission? What will it mean to govern differently as we grow and expand staff?	Brainstorming & Discussion via Strategy Café
2 minutes	Consent Agenda	Decide
20 minutes	Committee Work Finance committee: New Investment Policy Governance committee: characteristics of new board members	Discuss and Decide
10 minutes	Mission Moment Stakeholder input	Inquire
10 minutes	Routine Executive Session With and without CEO	Reflection
5 minutes	Questions to Consider Board members provide questions to discuss at future board meeting	Build culture of inquiry
5 minutes	Board Meeting Evaluation and Adjournment	Close

BOARD - CEO ROLES & RESPONSIBILITIES

Generally, the board GOVERNS the organization:

- Sets organizational direction, ensures the necessary resources, and provides oversight
- Retains ultimate responsibility and power
- Is accountable to the public and to the organization's constituency
- Hires/Evaluates/Supports/Fires the chief executive

SHARING LEADERSHIP

The board takes the lead when it:

- Articulates the organization's values through policies that put the mission into action
- Hires, supports, and evaluates the chief executive
- Opens doors to fundraising in the community
- Monitors fiscal management, approves budgets, and ensures there is an audit
- Selects, recruits, and orients new board members

The chief executive takes the lead when s/he:

- Develop and propose policy questions for the board's consideration
- Hires, supervises, and motivates staff
- Develops and implements programs

Board and staff share the lead when, together, they:

- Develop a strategic plan
- Create a fundraising plan and strategies
- Initiate and implement evaluations
- Prepare for board meetings

SAMPLE GOVERNANCE COMMITTEE JOB DESCRIPTION

The governance committee is responsible for ongoing review and recommendations to enhance the quality of the board of directors. The work of the committee revolves around five major areas.

1. Help create board roles and responsibilities

- Lead the board in regularly reviewing and updating the board's description of its roles and areas of responsibility and what is expected of individual board members.
- Assist the board in periodically updating and clarifying the primary areas of focus for the board and help shape the board's agenda for the next year or two, based on the strategic plan.

2. Pay attention to board composition

- Lead in assessing current and anticipated needs related to board composition, determining the knowledge, attributes, skills, abilities, influence, and access to resources the board will need to consider to accomplish future work of the board.
- Develop a profile of the board that will evolve over time.
- Identify potential board member candidates and explore their interest and availability for board service.
- Nominate individuals to be elected as members of the board.
- In cooperation with the board chair, contact each board member eligible for re-election to assess their interest in continuing board membership and work with each board member to identify what they might be able to contribute to the organization.

3. Encourage board development

- Provide candidates with information needed prior to election to the board.
- Design and oversee a process of board orientation, sharing information needed during the early stages of board service.
- Design and implement an ongoing program of board information, education, and team building.

4. Assess board effectiveness

- Initiate periodic assessment of the board's performance and propose, as appropriate, changes in board structure and operations.
- Provide ongoing counsel to the board chair and other board leaders on steps they might take to enhance board effectiveness.
- Regularly review the board's practices regarding member participation, conflict of interest, confidentiality, and so on, and suggest needed improvements.
- Periodically review and update the board policy and practices.

5. Prepare board leadership

- Take the lead in succession planning, taking steps to recruit and prepare for future board leadership.
- Nominate board members for election as board officers.

PROMISING PRACTICES CHECKLIST

	The mission and vision of the organization is set by and well understood by the board of directors.
	The board has worked with the Chief Executive to develop a strategic plan.
	<ul style="list-style-type: none"> The strategic plan is revisited regularly – more than once a year – and adjusted as appropriate.
	<ul style="list-style-type: none"> The strategic plan includes measurable goals that are directly tied to achieving the mission of the organization.
	<ul style="list-style-type: none"> Performance goals are directly tied to the strategic plan.
	With regard to fundraising, all board members participate: by cultivating new donors, soliciting donations, or thanking donors.
	All board members make a “generous” donation to the organization. (Generous is different for everyone.)
	The board understands its role in supervising and supporting the Chief Executive.
	<ul style="list-style-type: none"> The board and chief executive understand that the board has the ultimate authority and accountability.
	<ul style="list-style-type: none"> The board empowers the chief executive to manage the organizational operations, without micromanaging.
	The board approves an annual budget.
	The board or a committee of the board reviews financial statements on a monthly basis.
	The board ensures that payroll taxes are being paid and are current.
	The board reviews the 990 each year.
	The organization carries Directors and Officers (D&O) insurance.
	An audit committee of the board recommends an outside auditor to perform an audit annually.
	<ul style="list-style-type: none"> The audit includes a review of internal controls.
	The board treasurer performs unscheduled reviews of employee expense reports.
	All bank statements for the organization are sent to the board treasurer.
	A whistleblower policy is in place, is understood by all staff and board members, and is regularly emphasized.
	The organization has a Policy on Reserves, which establishes and encourages at least one type of reserve account. There is at least one reserve account with 3-6 months cash on hand.
	The board evaluates its performance at least annually.
	A board governance committee regularly reviews the bylaws and policies to ensure that they are up to date and followed.
	A board governance committee meets regularly to discuss potential board members.
	<ul style="list-style-type: none"> Board members regularly suggest potential board members to the board governance committee.
	The board is made up of a group of community members that represent the diversity of the community, with representatives having varied backgrounds and experiences. If they have not yet achieved that, they are actively working toward it.
	The board has a “Board Member Expectations Statement” or a board member job description that is shared with potential board members, and signed by new members when they join the board.
	A board orientation is held for new board members when they join the board.
	All board members are required to attend board governance training at the beginning of their term on the board, and thereafter, every few (e.g. 3-4) years.

SHOULD I JOIN A BOARD? THINGS TO CONSIDER

"Every man is guilty of all the good he didn't do." - Voltaire

1. First ask yourself: What am I passionate about?
2. Then, identify the nonprofit(s) that addresses the issue or need you care about. Volunteer there to learn a bit more.
3. Next, do some research by looking at the website, the organization's 990 (www.guidestar.com), and by talking to the board, staff, and others familiar with the organization. Some things to think about:

- | | |
|-----------------------------------|---|
| WHAT DO THEY DO? | <ul style="list-style-type: none">• What is the mission of the organization? Does it align with my own?• What does the organization do?• What programs do they offer?• Does what they do seem to align with their stated mission and vision?• What is the culture of the organization? If you step into their facility, what will you find? How do you feel/what is the vibe?• Is the organization in good standing? Have they had any major financial issues or lawsuits? What is the community's impression of the organization? Do a quick Google search and see if anything of interest pops up.• Who currently serves on the board of directors? How large is the board? |
| BOARD | <ul style="list-style-type: none">• Are board members figure heads only?• Is the board known for passivity? Or are they really working?• Is the board actively raising funds for the organization?• What is the board's relationship with the Executive Director/CEO?• What stage in the nonprofit lifecycle is this organization (startup, growth, maturity, decline, termination)? Do I have the skillset appropriate for that stage?• Is the organization facing a significant event such as a capital or major gift campaign or change in executive leadership? |
| LIFECYCLE & GOVERNANCE | <ul style="list-style-type: none">• Is there any pending legal action involving the organization?• How transparent is the organization?• Does the organization have Directors and Officers Insurance?• Does the organization operate in accordance with the by-laws?• Does the board discuss and approve a budget annually? |

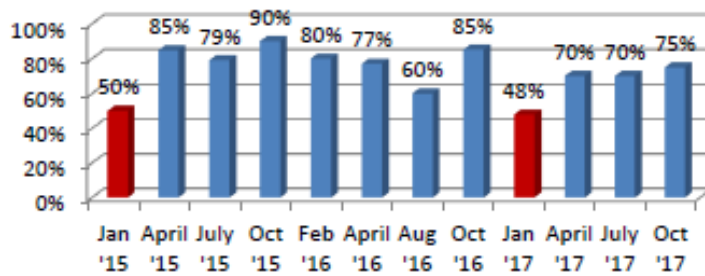
4. Take a look at the following documents.
 - Current by-laws
 - Most recent financials and the previous year end financials
 - Most recent audit
5. Finally, ask yourself the following questions:
 - Am I willing to be there in times of change or possible crisis?
 - When determining whether to donate, would this organization fall in my top five gifts? Is there a gift commitment for board members?
 - How often does the board meet? When and where are the meetings? Will that fit into my schedule and priorities? Am I willing to serve the full term of a board member?
 - Will I devote the time and attention needed to fulfill my duties as a board member?

What other questions have now arisen? What questions still linger?

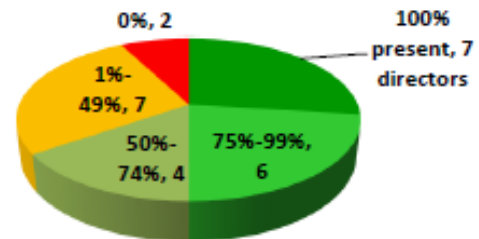
Considering all of the answers, am I still interested?

ACME Nonprofit for Everything Good Board of Directors Dashboard as of January 2018

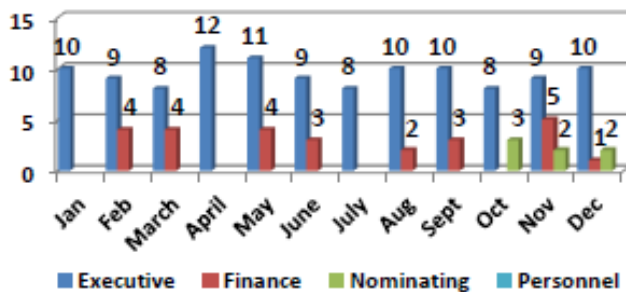
% Board Meeting Attendance 26 Members, 4 Meetings Annually



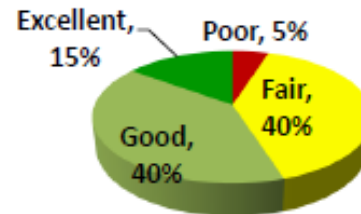
Individual Member Attendance (includes call-ins)



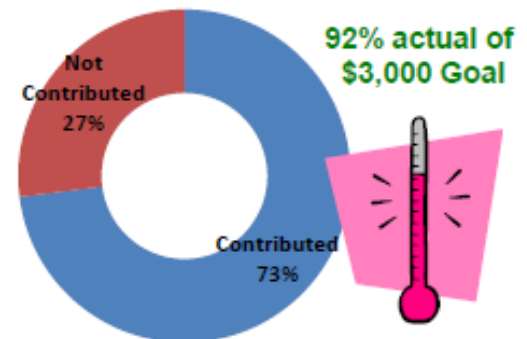
2017 Committee Meetings & # of Participants



Overall Rating of Last Board Meeting



Director Contributions



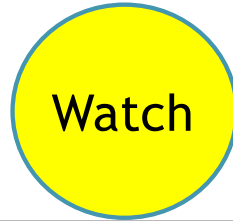
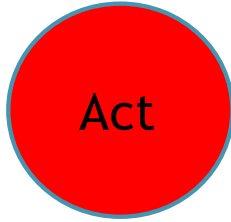
Priority	Organization Goal/Objective	Status
A	ACME is growing its programs & services	
5	Innovate new and improved activities	
2	Recruit/retain necessary volunteers	
1	Reach an increasing number of participants	
9	Maintain funding commensurate with service delivery	
10	Validate workplan initiatives against expected results	
B	ACME's policy voice is sought out and influential on "Everything Good"	
3	Be the primary source for data, policy examples, & best practices information	
8	Educate key decision-makers	
C	ACME is the premier network/partner for like-minded orgs	
4	Engage state/local groups as active participants in forums	
6	Develop "inter/intra-state" solutions/standards	
7	Share best practices among groups	

Other Board Actions:

- 100% completed required signed COI Annual Disclosure
- 49% sent advocacy letters in 2017
- 25% attended most recent DC Congressional Fly-in Event
- 15% made thank you calls to sponsors
- 3 board positions still open
- Carryover project from '09 & '10- CEO Succession Plan

Finances: Income -17% (contributions & sponsors), but expenses cut (2 staff positions) for slight year-end surplus to stabilize "6-month" assets

Nonprofit Governance Trends Dashboards



Finance			
	Target	6 Months Ago	Now
Days of unrestricted cash on hand	45 Days	65 Days	18 Days
Net surplus or deficit YTD compared with YTD budget	Within \$25K or better	\$42,500 worse than budget	\$28,000 worse than budget-to-date
Government funding YTD (52% of budget)	Within 3%	\$39,000 worse than budget	\$3,200 worse than budget
Days from end of month to financial statements	24 Days	87 Days	48 Days

The Nonprofit Board

The Nonprofit Board is a group of individuals – a team – where no one individual has more authority or rights than any other board member. Board members should be qualified, well-respected, well-informed, passionate, and engaged.

Set Strategic Direction

ASK STRATEGIC QUESTIONS:

- What specific purpose does our organization play in its community?
- Do we have the financial model to be successful over the long term?

- Do we have the right people at the table?
- What are the critical issues that we need to acknowledge and address?
- Do we have the right facilities to meet the current and future need?
- What committee structure will best support the strategy?
- What are the three most important things to accomplish this year? In the next 3-5- years?

Ensure Adequate Resources

CRITICAL RESOURCES

- Talented and strong CEO
- Funding to achieve the mission
- Talented, diverse board
- Reputation

Provide Fiduciary Oversight

Protect the organization's assets in all forms

- Approve annual budget
- Monthly financial statements review
- Annual Review of the 990
- Annual audit
- Internal Controls
- Directors & Officers Insurance

**CEO – BOARD RELATIONSHIP:
RESPECT~CANDOR~INTEGRITY**

The Nonprofit Board

The Nonprofit Board is a group of individuals – a team – where no one individual has more authority or rights than any other board member. Board members should be qualified, well-respected, well-informed, passionate, and engaged.

Duty of CARE:

Each board member has a legal responsibility to **participate actively** in making decisions on behalf of the organization and to exercise their best judgment while doing so.

- ~ SHOWING UP ~ READING THE BOARD PACKET ~
- ~ ASKING QUESTIONS ~

Duty of LOYALTY:

Each board member **MUST PUT THE INTERESTS OF THE ORGANIZATION BEFORE THEIR PERSONAL AND PROFESSIONAL INTERESTS** WHEN ACTING ON BEHALF OF THE ORGANIZATION IN A DECISION-MAKING CAPACITY. THE ORGANIZATION'S NEEDS COME FIRST.

- ~ DISCLOSE ALL CONFLICTS ~ DON'T PARTICIPATE IN DECISIONS THAT PERSONALLY AFFECT YOU ~

Duty of OBEDIENCE:

BOARD MEMBERS BEAR THE LEGAL RESPONSIBILITY OF ENSURING THAT THE ORGANIZATION **COMPLIES WITH ALL THE APPLICABLE FEDERAL, STATE, AND LOCAL LAWS AND ADHERES TO ITS MISSION.**

- ~ understand the applicable laws ~
- ~ ensure THAT DECISIONS & STRATEGIES reinforce the purpose OF THE ORGANIZATION~



CEO – BOARD RELATIONSHIP: RESPECT~CANDOR~INTEGRITY

GENERAL

- Does the current legal structure continue to make sense? Or is it a hindrance to the organization's competitiveness?
- Are the articles of incorporation or bylaws outdated, inefficient, or at a competitive disadvantage?
- What processes, policies, board size, and committee structure are needed to allow the board to effectively monitor the organization as well as assess its performance?
- From a structural perspective, what is hindering the board and/or CEO from efficiently being able to lead and adjust to the changing environment?
- Is the CEO provided with the requisite authority to nimbly lead the organization without always having to ask the board and/or board committees for permission?
- Is the organization achieving its mission? How do we know?
- How will the board and CEO work together on mission and strategy?
- Is the board receiving relevant information, such as data on the industry, changes in the external environment, or data on employee engagement?
- Are outside experts on occasion brought in to educate the board on the state of the industry, governance best practices, or the impact of technology?
- Is the format of the agenda consistently designed from one meeting to the next to provide continuity of strategic discussion?
- Is the board receiving too much or not enough information?

STRATEGIC PLANNING

- Does the organization have a focused mission?
- What specific purpose does our organization play in its community? What unique slice of a societal problem will our organization solve?
- What service can we uniquely provide that is our core reason for existing?
- Do we have the financial model to be successful over the long term?
- Has the board translated this mission into a rigorous yet flexible strategic plan?
 - o Is the plan achievable?
 - o Where are the holes? What are the risks?
 - o Who is the competition?
 - o How will we fund the strategy? Is it sustainable?
 - o How will we know if we are successful? How will we measure the results? What is the relevant empirical data?
 - o Do we have the right talent?
 - o Does the organization have the resources, expertise, and passion to accomplish its agreed-upon mission?
- What are the various financial levers that the organization has at its disposal?

- How is the changing environment impacting its ability to accomplish its mission?
- Who are the key stakeholders?
What are the specific organizational risks that board members should be cognizant of?

BOARD MAKEUP

- Does the legal structure allow for the board, working with the CEO, to identify and select a qualified board with a diverse set of skills? Or is board makeup left to chance?
- Is the number of required board members appropriate? Too few? Too many?
- What individual and collective set of skills, talents, and other attributes should the board seek to ensure that they add value to the organization?
- Are there at one or two board members sophisticated enough to thoroughly understand the organization's financials and the various levers that management has at its disposal to drive the revenue and expense sides of the business?
- How important is it that the board is representative of its stakeholders and constituencies? (e.g. diversity of age, gender, race, ethnicity, geography)
- Is there at least one member with nonprofit CEO experience? For-profit C-suite experience? ...who can serve as mentor and offer wisdom to the CEO?
- QUESTIONS TO ASK ABOUT POTENTIAL BOARD MEMBERS:
 - o Is the person of good character?
 - o Do they possess a passion for the mission of the organization?
 - o Are they willing to place their ego aside in service to the organization?
 - o Are they well-respected, considered a good partner, and can they be trusted?

BOARD RESPONSIBILITIES – NON-NEGOTIABLE STARTING POINT

- Protect the organization's assets in all forms: physical, intellectual, and reputational.
- Provide clarity (preferably written) as to what the board's responsibility is and what is delegated to the CEO.
- Conduct an annual audit.
- Ensure that an appropriately skilled and representative board is in place.
- Create an effective committee system with appropriate charters.
- Engage in continual succession planning.
- Oversee a consistent CEO review process and some level of oversight or approval of C-suite compensation, travel expenses, and contracts.
- Engage in an annual deep dive into the organization's strategy.
- Conduct a regular evaluation of the effectiveness of the board.

ADDITIONAL RESOURCES

Guidestar www.guidestar.org

Waco Foundation's Nonprofit Management Materials

<http://mclennanonprofits.org/about-us/nonprofit-management-library/other-resources/>

Board Roles & Responsibilities

<https://www.guidestar.org/Articles.aspx?path=/rxa/news/articles/2012/board-roles-and-responsibilities.aspx>

Board Self-Assessment Survey by McKinsey & Company

https://ceps.unibas.ch/fileadmin/ceps/redaktion/Downloads/Service/Board_self_assessment_long_mckinsey.pdf

Nonprofit Board Orientation Webinar

<http://www.cpweb2.org/board/index.html>

Introduction to The Performance Imperative

<http://leapambassadors.org/products/performance-imperative/>

ARTICLES:

"Problem Boards or Board Problems?" by William P. Ryan, Richard P. Chait and Barbara E. Taylor (Nonprofit Quarterly) <https://nonprofitquarterly.org/2013/01/02/problem-boards-or-board-problem/>

"Why Board Members Miss the Red Flags" by Kate Barr (Nonprofits Assistance Fund) <https://nonprofitsassistancefund.org/blog/2012/02/why-board-members-miss-red-flags>

"How Board Members Can Learn to Spot the Red Flags" by Kate Barr (Nonprofits Assistance Fund) <https://nonprofitsassistancefund.org/blog/2015/01/how-board-members-can-learn-to-spot-red-flags>

"Questions I'm Most Often Asked about Boards and Fundraising" by Kay Sprinkel Grace (Guidestar) <https://trust.guidestar.org/blog/questions-im-most-often-asked-about-boards-and-fundraising>

"Directors & Officers Insurance: Why It's Worth the Cost" by Pamela Davis (Nonprofit Quarterly) <https://nonprofitquarterly.org/2015/07/13/directors-and-officers-liability-insurance-why-its-worth-the-cost/>

"So You Need (to Improve) a Governance Committee?" Guidestar article, April 2012. <https://www.guidestar.org/Articles.aspx?path=/rxa/news/articles/2012/need-to-improve-a-governance-committee.aspx>

"Telling the not-for-profit story through Form 990" by Maureen Butler, and Brian Butler (Journal of Accountancy) http://www.journalofaccountancy.com/issues/2016/dec/irs-form-990-for-not-for-profits.html?utm_source=mnl:cpald&utm_medium=email&utm_campaign=12Dec2016

"Don't Do It: Don't Start A Nonprofit" by Dahna Goldstein (BoardSource), July 2017 <http://blog.boardsource.org/blog/dont-start-a-nonprofit>