

BOARD RESPONSIBILITIES

Serving on the Board of Directors is an important responsibility. This guide informs volunteer leaders of the unique aspects associated with governing a nonprofit organization.

*“The board governs...
the staff manages.”*

Governance: Volunteer leaders are responsible for the direction of the organization. The board focuses on governance, policy making and setting a course for the future. Volunteers should focus on the mission and strategic goals---avoid micro-managing the organization and staff.

Management: Paid staff and subcontractors are responsible for the administration of the organization. Staff act as partners to the board, advancing the goals and strategies, while taking care of the daily administrative needs unique to nonprofit organizations.

Unique Terminology

Not-for-Profit refers to the legal corporate status of the organization. (It does not imply an exemption from state sales tax.)

Nonprofit is used as synonym and casual reference to Not-for-Profit.

Exempt Organization is a reference to the IRS designation exempting the organization from paying most federal income tax (with exception of Unrelated Business Income Tax “UBIT”). Exempt most often does not mean “exempt from paying sales tax.”

IRS 501(c)(3) tax-exempt designation most often refers to organizations with a religious, charitable, scientific or educational purpose.

IRS 501(c)(6) tax exempt designation refers to trade associations, business leagues and professional societies.

Board Responsibilities

1. Determine the organization’s mission and purposes.
2. Select the chief paid executive (not the staff).
3. Support the chief executive and assess performance periodically – usually measured against the strategic plan.
4. Ensure effective organizational planning.
5. Ensure adequate resources (funds, time, volunteers, staff, technology, etc.).
6. Ensure effective resource management.
7. Determine, monitor and strengthen the organization’s programs and services.
8. Promote the organization’s image.
9. Ensure legal and ethical integrity and maintain accountability.
10. Recruit and orient new board members and assess board performance.

Directors and Officers (D & O) Liability may cover legal defense for employment, copyright, and antitrust claims, for instance.

General Liability insurance covers property damages and injuries relating to the organization.

Fidelity Bonds cover losses resulting from fraudulent or dishonest acts committed by an employee.

Meeting Cancellation covers the loss of revenue due to a cancellation, curtailment, postponement because of weather, strikes, etc.

Legal Principles

Duty of Care requires leaders to use reasonable care and good judgement in making their decision on behalf of the interests of the organization.

Duty of Loyalty requires leaders to be faithful to the organization, avoiding conflicts of interest.

Duty of Obedience requires leaders to comply with governing documents (i.e. bylaws, articles of inc., policies, etc.)

Board Tools

The operating documents of the organization are available to leaders:

- Bylaws
- Articles of Incorporation
- Financial Statements (recent)
- Minutes (recent)
- Policy Manual
- Strategic Plan
- Organizational Charts

Treat information with confidentiality to protect goals, budget and intellectual property. (“Knowledge is power”)

#1 lie --- “You won’t have to do anything when you get on the board!”

Issues Facing Boards

1. Member Value, R.O.I., WIFM
2. Technology Usage/Delivery
3. Scrutiny, Purpose, Compliance
4. Competition
5. New Revenue Sources
6. Diversity, Inclusivity
7. Generational Differences
8. Workforce
9. Leadership Development
10. Governance, Ethics, Value
11. Coalitions, Alliances, Partnerships
12. Consolidation, Mergers
13. Image, Branding, Positioning
14. Favorable, Memorable Experiences

Insurance and Volunteer Immunity

State and federal governments have afforded certain protection to volunteer leaders. While the volunteer may have some protection, the organization is still open for legal suits. Insurance coverages add further protection for volunteers and the organization.

Rules of Order

Rules of order ensure the meeting will stay on agenda and on time.

Agenda is used to ensure that important business is covered.

Motions are proposals for action, beginning with the words, "I move we".

A **Second** is required for the motion to be discussed.

Amendments may be made to most motions if they improve the intent or clarify the original motion.

Tabling lays the motion aside.

Calling the Question refers to ending the discussion and voting on the motion.

Minutes protect the organization by recording the time and location of the meeting, participants, and the outcome of the motions. They are not a place to record conversations, assignments, reports, etc. (Including reports and discussions can incriminate.)

Voting is the official action after discussion to adopt, kill or table the motion.

Quorum is a majority of directors or the required number as set in the bylaws, to conduct business.

Committees



Organizations are making changes in committee structure, including elimination of all but essential standing committees.

Consider appointing only committees that align with the major goals in the strategic plan.

Standing – identified in the bylaws, appointed annually.

Ad Hoc – formed for specific or immediate needs.

Task Forces – appointed for a specific purpose, disbanded upon completion.

Knowledge Networks and Special Interest Groups (SIGs) – focus on a subset of interest; relatively unstructured; emphasis on communication among the subset.

Virtual Committees – groups meeting on-line through a forum or bulletin board.

Shared Committees – made of members of various organizations. Expands the input and resources for the committee.

Resource Pool – volunteers offer specific skills that can be drawn from as committees identify skills-sets needed for projects.

Volunteer Common Sense

- Respect the chairman or chairwoman.
- Bring a calendar to meetings.
- Wear a watch; arrive on time.
- Read and prepare for meetings.
- Bring needed files, paper and pen.
- Adhere to the agenda.
- Listen more than you speak.
- Speak when you have an essential point.
- Respect the rules of order.
- Leave personal and political agendas at the door.
- Actions of the board belong to the board – support them publicly, don't bad-mouth any action or any person.

#2 lie --- "Eighty percent of success is showing up."

Strategic Planning

Strategic governance focuses the board on mission and goals. The plan serves as a "roadmap" for volunteers and staff. The board should "think past their tenure and beyond their experience" for the benefit of the organization.

Environmental Scan – conducted to determine external and internal influences on the organization, as well as strengths, weaknesses, opportunities and threats (SWOT).

Mission – statement about what the organization is; whom it serves' and the services it provides, short with PR value.

Goals – the board aims of the organization, with the mission. Usually limited to 4 to 7 so as not to tax resources, volunteers, staff.

S.M.A.R.T. Goals – Specific, Measurable, Attainable, Realistic, Timely.

Strategies – fit under the goals as ways to achieve them. What steps must be taken to advance and accomplish the goals?

Action Steps – fit within the strategies and identify the measurable actions to achieve the strategies and goals.

Plan Champion – the person (staff and/or volunteer) who keeps focus on the plan.

Integration – orchestrate with the committees, budget, staff, resources and consultants.

Board Risks

To avoid risk, be alert to traps. In addition to risks identified herein, the board should be briefed on fiduciary responsibility, contracts insurance, IRS requirements, ethics, apparent authority, antitrust, etc.

Public Records requests for the organization's annual federal tax return (Form 990, 990-EZ) must be made available for the last three years. Significant fines occur for noncompliance.

Antitrust violations occur when two or more persons from the same industry or profession discuss suppliers, processes, prices or operations. Remove yourself from a conversation that would change how business is conducted because of a joint-agreement among competitors.

Apparent Authority arises when a board chair, though not granting actual authority, permits a committee or chapter to behave as if it had authority. Authority rests with the chairman and may not be assumed by any other agent of the organization.

Financial Audits should be used annually to protect board and staff.

In Summary: The board's role is to:

- Add Value
- Make a Difference
- Protect the Organization
- Have Fun

