

Alston & Bird LLP

Council for Quality Growth

July 27, 2021

Next-Level Nonprofit Board Service

Topic for Today:
**What does it mean
to effectively serve
on a nonprofit
board?**

**Roles of Nonprofit
Board Members**

**Exercising Governance and
Financial Oversight**

Case Study: An Example

Panel Discussion

GOVERNANCE: What is it?

The legal and fiduciary oversight required by a board

- **Duty of Care, Duty of Loyalty, Duty of Obedience**

Providing strategic leadership to a nonprofit organization, which means:

- **Setting direction**
- **Making policy and strategy decisions**
- **Overseeing and monitoring organizational performance**
- **Ensuring overall accountability (and putting systems in place to do so)**
- **Making and implementing decisions that will achieve the organization's dual focus of social mission and organizational viability**

Governance: What to Avoid

Board members taking on the tactical work assigned to staff and/or committees

Working with outdated documents

Not taking confidentiality seriously: "what gets said here, stays here" unless reported through official channels with the board's agreement and consent

Lack of diverse representation (diversity in all forms)



Board members are the fiduciaries who steer toward a sustainable future by adopting ethical and legal governance and financial management policies, as well assuring that there are adequate resources to advance its mission.

Key Roles & Responsibilities of Members of a Nonprofit Governing Board: Mission



Board & Staff share common understanding



Use the mission when making strategic and financial decisions



Don't allow "mission creep"



Reaffirm mission every few years

Key Roles & Responsibilities: Finances

Approve a budget each year

Monitor budget-to-actual revenue & expenses throughout the year

Hire the auditor

Receive the audit & management letter

Ensure financial controls

Plan for long-term financial viability

Manage risk

Assure compliance with regulatory matters

Treasurer Chairs the Finance Committee

Key Roles & Responsibilities: Leadership

Make decisions

Set policies: operating, financial, human resources, board

Chair committees & other working groups

Evaluate progress toward achieving mission

Hire/support/partner with and evaluate the Chief Executive

- ***Review Performance of Chief Executive***
- ***Set compensation of Chief Executive***

Ensuring an Orderly Succession in the Chief Executive Role

Board Self-Assessment

Key Roles & Responsibilities: Strategy

Set organizational direction in sync with organization's social impact

Create a multi-year plan with goals, tactics, metrics, and timeframes/deadlines

Align programs/services with mission & strategy

Assure indicators for tracking progress; assure that action is taken when not on track

Frame decisions/determine which issues should be addressed, when they should be addressed by the board (or a committee) and why

******This is especially important with new opportunities***

Key Roles & Responsibilities: Funding



Assure that resources are available to implement the mission of the organization

Active engagement in fundraising



Provide access to networks of relationships



Become (and remain) a donor



Promote public image/be ambassador

Open doors for partnerships, donors, relationships

Key Roles & Responsibilities: Talent

Define the skills needed for:

- **Board**
- **Officers: Chair, Vice Chair, Secretary, Treasurer**
- **Committee Chairs**
- **Committee Members (Can Be Board & Non-Board)**

Recruit the people with the skills & knowledge to fill roles

- **Assure a process for recruiting the people you need**

Assure that board members understand the expectations of service

- **Clear, measurable: attend meetings, serve on a committee, give money, raise money**

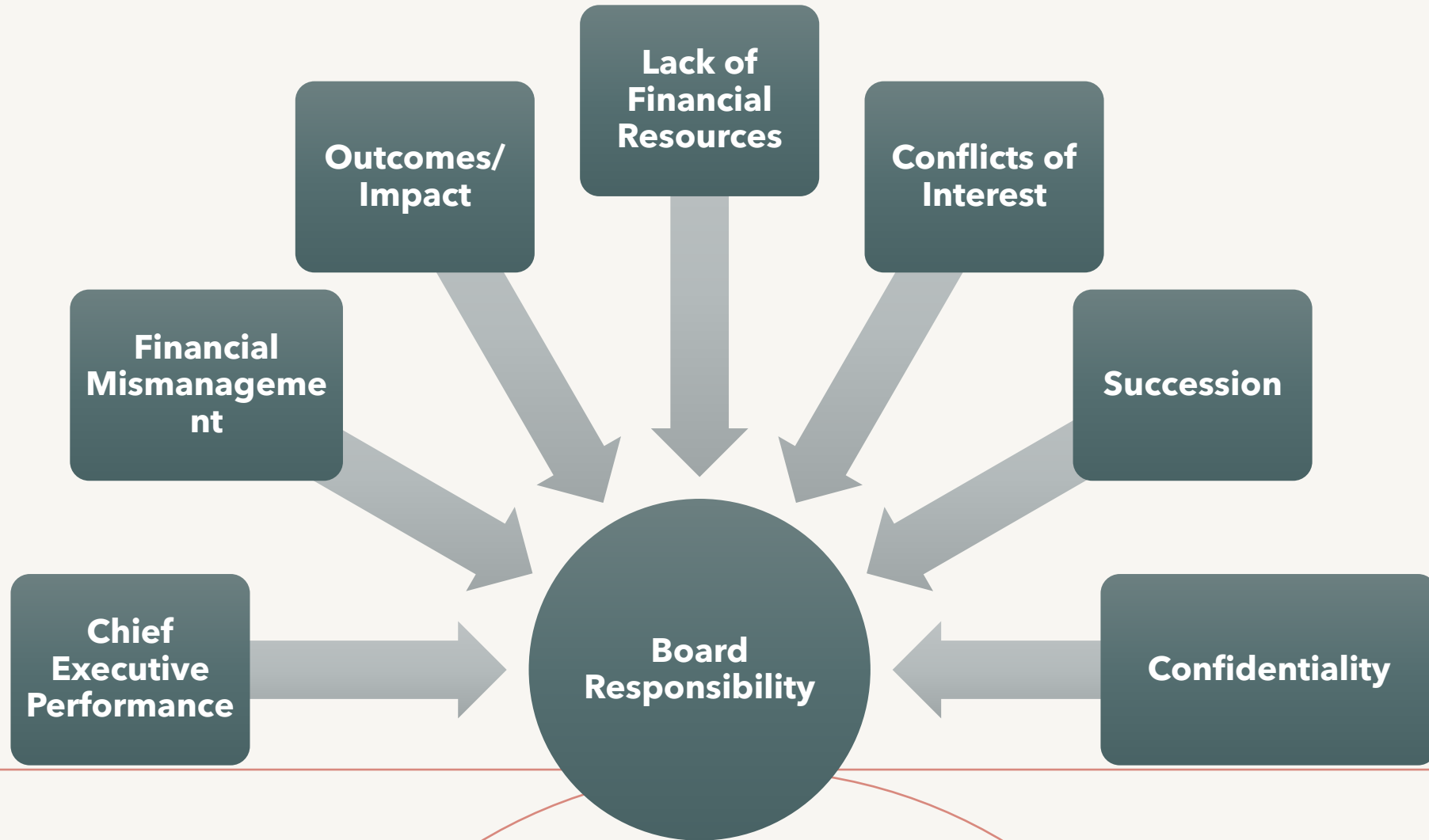


Case Study: Small Groups of 4~5 Participants

THE FACILITATOR WILL REVIEW THE CASE STUDY & THEN EVERYONE WILL DIVIDE INTO GROUPS OF 4-5 for a 15-Minute Discussion: If you are a member of this board, what are two possible responses to this situation?

- For more than 25 years, Shady Grove Community Foundation had been giving grants to support programs in the arts and education. Carmen had served as board chair for five years, and Barry had been a well-liked board member for four years. Other board members appreciated Barry's innovative thinking, easy-going style, and boundless enthusiasm. He worked hard, always volunteering to take on tasks that other board members avoided.
- Carmen was aware of Barry's value to the board but had a few reservations about him, based on issues related to confidentiality.
 - For example, Barry's next-door neighbor (the artistic director of a local theater) had applied for a Shady Grove grant. Wanting to be the bearer of good news, Barry confided to the neighbor that board discussions of her proposal had been very positive and that her organization would probably get the grant. But when the final decision was made, the neighbor's organization wasn't chosen.
 - On another occasion, when the Shady Grove board was recruiting its new chief executive, Barry really "clicked" with one of the candidates. In an effort to convey to this candidate how impressed the board was, Barry shared information with her about two other candidates, even though all the candidates had been told that their applications would be kept confidential.
 - Recently, Barry participated in an interview with the local newspaper during which he mentioned that he thought it would be a shame if a particular community program that Shady Grove funded was discontinued. When pressed by the reporter, Barry said that the board had been arguing about whether to continue the funding, but that he was 100 percent behind it and he hoped he could convince others to change their minds.
- Now Carmen has a pressing reason to worry: At the next board meeting, she and the chief executive are planning to raise the issue of Shady Grove merging with the Sunnyside Community Foundation, a move that would benefit both communities. As with any merger, it would be essential that all discussions be kept confidential until the merger details had been worked out. Carmen isn't sure she can trust Barry to keep quiet. What should she do?

What can go wrong? What do we do when things go wrong?



Panel Discussion/Q&A, with:

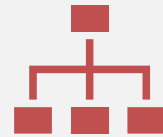
Ben Pleune, Partner – IP Litigation

Brian Ellsworth, Partner – IP Patents

Elizabeth Murphy, Finance

Panelists will speak about real-life nonprofit board service and take questions from participants.

Additional Resources



BoardSource:

www.boardsource.org



**Nonprofit Risk
Management Center:**

www.nonprofitrisk.org